

VISION, MISSION and VALUES

Vision

A transformed Tlokwe City Council striving for economic, social and human development through good governance.

Mission

Our mission will be guided by the Municipal Systems Act, namely:

- *To exercise our powers and utilize our resources in the best interest of our community*
- *To provide, without favour or prejudice, democratic and accountable government.*
- *To encourage the participation of our community via Ward Committees, suggestion boxes, consultative forums, public meetings, interviews with political and administrative leadership.*
- *To ensure that our services are provided to our community in an equitable, financial and environmentally sustainable manner.*
- *Promote economic development in our area.*
- *Promote gender equality.*
- *Promote a safe and healthy environment.*
- *Contribute to the progressive realization of the fundamental rights contained in the Constitution.*

Values

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery.

We therefore value:

- *Work pride*
- *Service excellence*
- *Integrity*
- *Loyalty*
- *Accountability*

AWARDS

KEY AWARDS WON FOR THE 2008/2009 FINANCIAL YEAR

The Tlokwe City Council and its residents are proud to have been honoured with the following important awards for excellent performance:

Blue Drop Status Certification

*A National Award called "**Blue Drop Status**" by the Department of Water Affairs.*



Arbor City Award



*By the Department of Agriculture,
Forestry and Fisheries*

Welcome Award

The National Award for Service Excellence and Quality Service Delivery by the S.A. Tourism Initiative (Sponsored by First National Bank)



ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2009

This Annual Report is published in compliance with section 121 of the Local Government: Municipal Finance Management Act No 56 of 2003, to provide record of the activities of the Municipality; to provide a report on performance in service delivery and against the budget; to provide information that supports the revenue and expenditure decisions made and to promote accountability to the local community for decisions made.

INDEX

CHAPTER 1 : INTRODUCTION AND OVERVIEW

Foreword of the Executive Mayor	2
Statement of the Accounting Officer	4
Overview of the City Council	7

CHAPTER 2 : PERFORMANCE HIGHLIGHTS

Service Delivery and Infrastructure Development.....	14
Municipal Financial Viability and Sustainability	19
Municipal Transformation and Organisational Development	21
Local Economic Development.....	23
Good Governance and Public Participation.....	26
Building and Zoning Plans.....	27

CHAPTER 3 : HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

Organisational Human Resource Management.....	30
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CHAPTER 4 : FUNCTIONAL SERVICE DELIVERY REPORTING

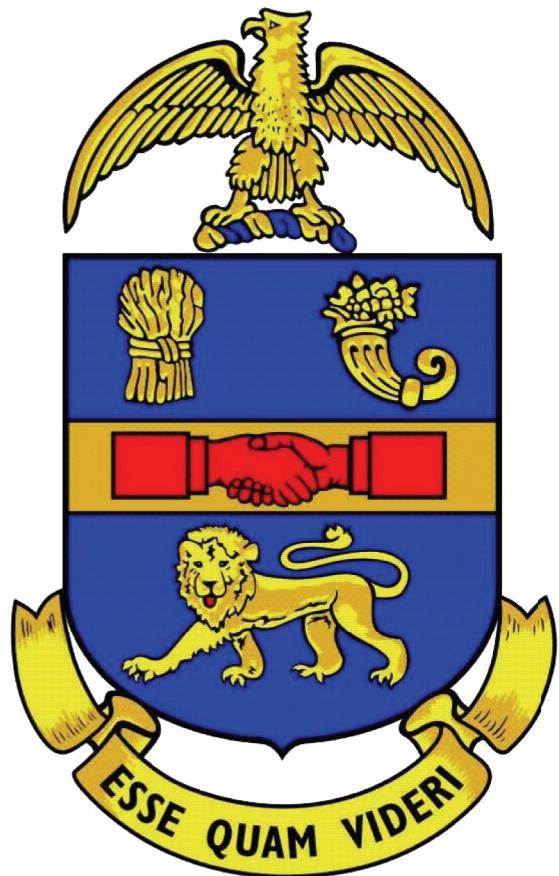
Executive Mayor.....	34
Office of the Speaker.....	38
Municipal Manager.....	41
Budget and Treasury Office.....	44
Public Safety.....	50
Corporate Services.....	59
Infrastructure.....	64
Community Services.....	72
Housing.....	85
Economic Development.....	89
Office of the Whip.....	90

CHAPTER 5: AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

Report of the Auditor General.....	92
Annual Financial Statements.....	100

TLOKWE CITY COUNCIL

CHAPTER 1

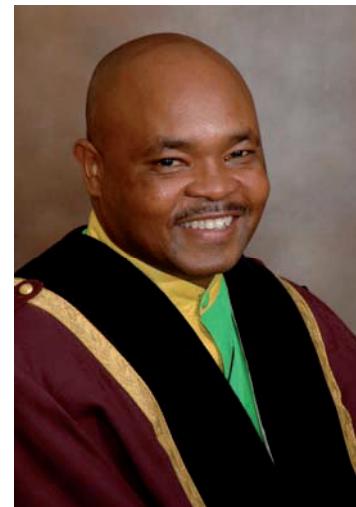


INTRODUCTION AND OVERVIEW

THE FOREWORD OF THE EXECUTIVE MAYOR

Of the three spheres of government, municipalities, as the closest to the people, should pride themselves in the culture of continuous communication with all its stakeholders and role players. That continuous communication is founded upon the principles enshrined in our Constitution and Local Government laws. These principles are inclusiveness, consultation, and participatory democracy.

As we always do at this time every year, and as part of this statutory obligation prescribed in the Financial and Management Act 56 of 2003 we herewith release the annual report and give account of all the work we have carried out for the financial year 2008 / 2009.



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It is now an accepted fact that since the financial year 2007 / 2008, electricity tariffs as one of the major sources of revenue of the municipality, continue to increase far more than we have for a long time been used to. This, including all other cost drivers such as fluctuating oil and food prices, as well as interests rates are factors that Council always must consider when planning the delivery of services and the development of our environment.

These were therefore some of the factors that informed the nature and levels of services that we delivered during the 2008 /09 financial year. As the report will show there have been challenges as well as successes. The municipality could not hide or run away from challenges encountered in the past year, but will develop strategic responses to address and rectify whatever challenges were encountered.

Again we will not shy away from our successes:

As a Municipality, we registered a number of successes in as far as housing, paving of roads, electrification and provision of water is concerned.

We were acknowledged by various institutions for our successes. We are the only Municipality in the North West Province with the Blue Drop Water Status. We were also awarded and recognised for keeping our city green by the Department of Conservation and Agriculture.

We have won our battle on Sonderwater. There are still challenges that are receiving our undivided focus and we will overcome them.

I therefore have no doubt that this municipality remains focused on its vision of transforming its institutional machinery and strive for economic, social and human development for the benefit of all residents of Potchefstroom.

As the political leadership, we will remain true to the constitution of our country by respecting and observing the rights of people and individuals. Everyone has the right to freedom of association, speech and education.

In the final analysis, I express my appreciation and commend my fellow councillors, management and all personnel of Tlokwe City Council for continued dedication to job at hand and commitment for contributing to the betterment of the lives of all members of our communities. There is no better high calling than to serve.

I thank you

A handwritten signature in black ink, appearing to read "Maphetle Maphetle".

MAPHETLE MAPHETLE (CLLR)

EXECUTIVE MAYOR

STATEMENT OF THE ACCOUNTING OFFICER

The Annual Report of Tlokwe City Council describes in detail the nature of work the Council has engaged on, including the challenges accounted as well as milestone achievements in the on – going strive to deliver optimal services to all residents of Potchefstroom. Accordingly, as prescribed by the Municipal Structures Act, we hereby submit an annual report for the financial year 2008 / 9

Capital Budget

The 2008 / 9 municipal actual expenditure on capital budget, as at June 2009, was R82.5 million from the R150.4 million originally budgeted for. The under – spending was the result of a few projects having started later than anticipated.

Operational Budget

The continued and progressive review and improvement of the application of our credit control and debt collection measures, as well as the indigent policy are some of the instruments that are continually sharpened to assist us to stabilize and consolidate our revenue stream, as well as to improve the overall management of our operational budget.

Property Rates and Valuation Roll

In line with this statutory obligation and strategic goal, much work has already been done to this regard. The valuation of properties was completed in December 2008 and Council adopted the new Property Rates Policy by the end of May 2009 for implementation according to the Municipal Property Rates Act by the beginning of July 2009.

Institutional Capacity

Over the past year we have also been addressing the corporate governance aspect of our institution. About 58 employees were appointed while almost the same number, 55 in all left the institution, indicating some issues that will need attending to in relation to staff turnover and vacancy rate. This matter is also progressively being attended to and may not recur in the years going forward.

The actual percentage of the wage bill as part of the operational budget was 33,68%. Our duty will be to keep this percentage within the generally accepted levels so as to ensure that available resources are as far as possible deployed to service delivery and developmental work for the community.

One of the major projects that Council has undertaken and continues in the current year is the reconfiguration of the organisational structure with a view to consolidating and

refocusing of Departmental activities. The end result should be a personnel structure that is dynamic and responsive, able to withstand the demands placed on the institution in a manner that is cost effective.

Good Governance and Public Participation

Council has a ward participatory system in place that has continued to be utilized in the past year through the Office of the Speaker. Ward Committees assist in mobilising appropriate community involvement in council matters. Ward committees have continued to collaborate with the Community Development Workers (CDW's) in this regard.

There are ten CDW's allocated for Potchefstroom. Every CDW is an ex-officio member of the Ward Committee and forms part of its monthly meeting.

Continuous public participation throughout the year to address budget and IDP related matters took place as per scheduled program. Council adopted the process plan in 2008, which included the structure responsible for driving the Integrated Development Plan (IDP). A firm base for the operationalization of the IDP systems and structures, including its alignment with the budget was set in the past year.

Service Delivery

In the past year we completed a structural audit of all the old housing projects in Ikageng and Promosa and found that a total of R 222,7 million will be required to correct and complete all outstanding work in these projects.

Furthermore, the Provincial Department of Local Government and Housing appointed developers to build a total of 4 900 houses in Ikageng and Promosa. The total value of these projects amounts to R267,5 million.

With regard to roads and other infrastructure, the City consists of approximately 394 kilometers of surfaced roads and 196 kilometers of un-surfaced roads. 75 kilometers of the un-surfaced roads were graded and re - graveled during the financial year. About 17000 m² of potholes were repaired.

The grading of unpaved roads increased from 28 kilometers to 75 kilometers in the previous financial year despite the demand in the cleaning of open spaces and parking areas for funerals and other gatherings. The demand for cleaning and sweeping of rubble and silt from the road pavement increased due to the heavy rains experienced during the wet season.

Late last year the Department of Transport selected our city and allocated R24 million for the construction of a state of the art one stop service centre where clients can pay their Traffic fines, acquire Road Worthy Certificates, Driver and Motor Vehicle Licenses. This building earmarked to serve as best practice model will be completed and operational during the current financial year.

In pursuit of knowledge and best practice sharing, Tlokwe City Council is an active partner with the city of Vaxjo in Sweden. This twinning arrangement has born fruits in the form of various programmes that are continuously being implemented.

Awards and Special Achievements

In the past year a number of success stories can be reported. Of the 152 municipalities assessed by the Department of Water Affairs, Tlokwe City Council was among the 23 Municipalities whose drinking water was declared to be of excellent quality and subsequently awarded the Blue Drop Status.

As a result of the greening work carried out particularly in the formerly disadvantaged areas, the Department of Forestry and Fisheries also declared our municipality winner of the 2009 National Arbor City Award.

On the sporting scene, the municipality, in conjunction with the national Department Sports and Recreation, successfully hosted the Zone VI International Youth Games from 4 to 13 December 2008.

These awards and achievements will spur us on to work even much harder to improve on the products and service we deliver to the people. The joy of seeing a fellow resident taking a drink of fresh clean water, observing another couple opening doors of a new house and children playing in clean, green open spaces and parks drives us to strive for service excellence.



**B G MOUMAKWE
ACTING MUNICIPAL MANAGER**

OVERVIEW OF THE CITY COUNCIL

1. INTRODUCTION

Potchefstroom covers an area of approximately 2500 square km and is divided into two parts by the N12 route between Johannesburg and Cape Town. The N12 is one of the main designated development corridors in South Africa.

In terms of international perspective, Potchefstroom is well known for its university (North West University consisting of the Mmabatho, Potchefstroom and Vaal Triangle campuses) and as one of the two, premium high altitude sports training centres in South Africa. Potchefstroom and its neighbour, the city of Klerksdorp, are situated in the heart of the country's gold-mining industry, with the world's deepest gold-mine situated some 40 km north-east of Potchefstroom adjacent to the N12 to Johannesburg. The area is also characterised by diamond mining (Rysmierbult) and agricultural production such as maize, sunflower and sorghum.

Nationally, Potchefstroom is host to a variety of national and international sports such as hockey, rugby athletics, cricket and cultural events such as the Aardklop festival. Setswana, Afrikaans and English are the predominant languages spoken in the region. The Vredefort Dome was also declared a World Heritage Site in 2006 as one of the largest and oldest meteorite impact craters in the world. Substantial progress has been made with the development of a new Highveld National Park on the western side of Potchefstroom.

Locally, Potchefstroom has a large number of primary, secondary and special schools, a technical and agricultural college, as well as district and regional representation of 23 national departments, including police and military units. The air force base was closed after the 1994 elections and is primarily used as an uncontrolled airport by private general aviation and the police air wing on a 24/7 basis.

1.1 POPULATION

In terms of answering the question “Who are we? ”, the following is noted:

According to the 2007 Community Survey, Potchefstroom has a total population of 124 351 people. The population according to the 2001 census was 128 353, this shows it has decreased by 4002 people. The reason for such a phenomenon should be investigated against the background of the increasing demand for housing and other municipal services. The statistics of the survey is depicted in a table on page 8 (Table 1).

The previous figures have indicated much lower increase of population than expected, especially in relation to the provincial population growth rate. The comparable population growth rates for the Dr Kenneth Kaunda District Municipality and the Matlosana Municipality were previously 1.65% and Potchefstroom 1.39% respectively.

Regarding household size, the national census indicates that during the period 2001 to 2007, the number of households in Potchefstroom has increased from 32 038 to 35 524. A sample socio-economic survey, commissioned by the Tlokwe City Council, indicates an urban average household size of 4.2 (Potchefstroom City Council 2004), this can only be interpreted by assuming that the household size is decreasing further, probably to two or three persons.

Each phenomenon as interpreted from the statistics has implication to policy formulation and other strategic decisions and to the budget.

Table 1: Population and household profile.

SERVICE	Census 2001	Census 2007
Persons	128,353	124,351
Households	32,038	35,524

Source: Community The following table represents population distribution according to wards.

At the time of the survey, the municipality had 20 wards, which later changed to 21 wards as a result of the local government election of 2006.

Table 2: Population distribution according to wards.

RURAL SETTLEMENT	POPULATION
Ward 1	10144
Ward 2	6573
Ward 3	3415
Ward 4	3523
Ward 5	4716
Ward 6	4611
Ward 7	4477
Ward 8	4842
Ward 9	10094
Ward 10	6796
Ward 11	8517

Ward 12	5215
Ward 13	3884
Ward 14	6628
Ward 15	5254
Ward 16	7034
Ward 17	8479
Ward 18	6055
Ward 19	7646
Ward 20	10443
Ward 21	5352

Table 3: Population per average household per ward

RURAL/URBAN SETTLEMENT	AVERAGE PER HOUSEHOLD
Ward 1	4
Ward 2	4
Ward 3	3
Ward 4	3
Ward 5	4
Ward 6	3
Ward 7	3
Ward 8	4
Ward 9	4
Ward 10	5
Ward 11	3
Ward 12	5
Ward 13	3
Ward 14	3
Ward 15	4
Ward 16	4
Ward 17	4
Ward 18	3
Ward 19	3
Ward 20	4
Ward 21	4

Potchefstroom Basic Socio Survey (2004)

1.2 DEMOGRAPHIC CHARACTERISTICS

SOCIO CULTURAL ASPECT

The municipality consists of the following racial and ethnic group: - Tswana, Afrikaans, Xhosa, Zulu, South Sotho, Indians, Coloured and English speaking. The dominant group / most spoken language being Tswana. There is cultural tolerance and the city has marketed itself as host International annual cultural celebration i.e. Aardklop cultural festival.

Table 4: The table below indicates geographic age and gender distribution per area

WARD	0-4	5-14	15 - 34	35 - 64	65>	MALE	0 - 4	5 - 14	15 - 34	35 - 64	65>	FEMALE
1	330	750	2613	1875	264	5831	348	645	1638	1443	237	4313
2	153	510	1272	1053	261	3250	150	365	1071	1224	522	3323
3	81	264	576	564	156	1580	72	231	570	741	225	1835
4	81	243	486	564	180	1553	84	288	267	714	329	1979
5	123	333	672	801	210	2142	165	327	777	984	324	2574
6	156	282	918	663	120	2143	171	288	1128	720	159	2468
7	111	225	945	588	132	2003	96	258	1191	693	237	2474
8	197	408	960	717	87	2367	195	37	966	765	165	2475
9	537	930	1770	1497	132	4864	474	1026	2043	1488	198	5230
10	366	648	1299	963	72	3344	339	612	1398	999	102	3452
11	297	621	1731	1356	183	4191	312	618	1662	1434	297	4326
12	213	399	984	942	108	2644	186	396	1020	786	186	2571
13	177	315	774	618	54	1940	129	333	729	675	78	1944
14	243	567	1269	1053	123	3252	243	546	1257	1104	225	3376
15	207	375	1071	843	99	2595	183	417	945	900	210	2659
16	309	720	1262	1017	72	3385	354	687	1356	1125	126	3649
17	483	849	1521	1089	81	4023	492	852	1767	1221	123	4456
18	291	588	1059	918	60	2953	312	618	1179	888	105	3102
19	-	-	-	-	-	-	-	-	-	-	-	-
20	486	912	2025	1761	177	5357	501	873	1923	1596	195	5086
21	-	-	-	-	-	-	-	-	-	-	-	-

1.3 INCOME

According to the Potchefstroom Basic Socio-Economic Survey the following household per income category was reported;

- R0-00 to R1 000-00 49%
- R1 000-01 to R10 000-00 15%

The following table represents income per gender and age group according to the Potch Basic Socio indicator survey:

Table 5: Income per gender and age group

	10 - 19	20 - 29	30 - 39	40 - 49	50 - 59	+60
Male	272	2,138	5,792	5,255	3,100	20,112
Female	340	1,038	2,693	2,070	2,932	11,822
Total	612	3,177	8,484	5,625	6,032	31,932

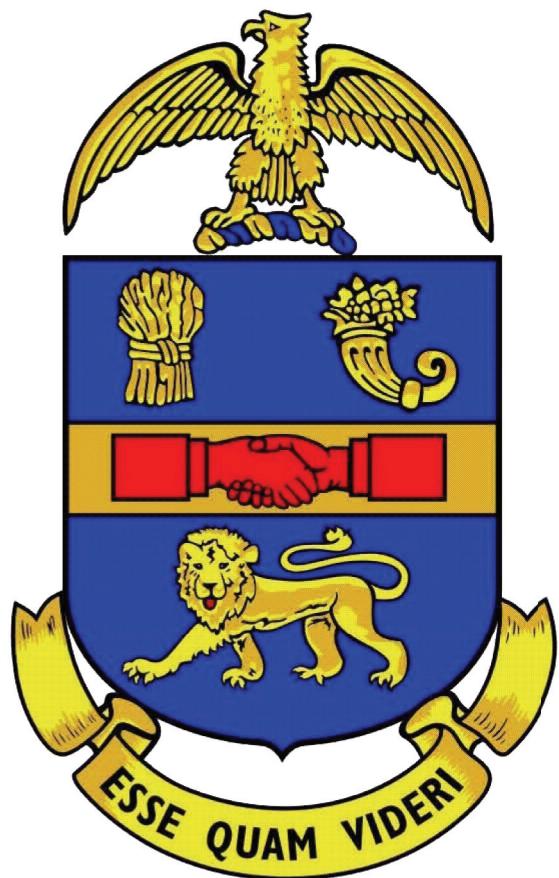
Table 6: Person with monthly income of less than R 3201 per ward.

WARDS NO.	NO OF PERSONS
Ward 1	696
Ward 2	1647
Ward 3	1035
Ward 4	801
Ward 5	1299
Ward 6	666
Ward 7	984
Ward 8	255
Ward 9	456
Ward 10	180
Ward 11	375
Ward 12	297
Ward 13	246
Ward 14	192
Ward 15	129
Ward 16	69
Ward 17	102
Ward 18	33
Ward 19	378
Ward 20	927
Ward 21	980

The lowest number on the table represents persons living in the informal settlements as most of the informal activities emanate from those areas are as result of unemployment. (Survivalist activities)

TLOKWE CITY COUNCIL

CHAPTER 2



PERFORMANCE HIGHLIGHTS

2.1 SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.1.1 Provision of free basic services	% of qualifying household receiving free basic services Council increased the level of support and threshold being provided – from 50 kWh of electricity to 80 kWh. Council increased the level of support and threshold being provided – from 6 kl of water to 10 kl.	95 80 10	100 80 10	95 8080 10	Qualified households received free basic services as per Council policy. Beneficiaries received 80 kWh of electricity as per Council's Indigent Policy Beneficiaries received 10 kl of water as per Council's Indigent Policy
2.1.2 Provision of electricity	% households on official surveyed sites with access to electricity Number of houses electrified. Total number of new connections Total number of street lights installed Total number of high mast lights installed Improvement in power quality indices (SAACI and SAAFI) % electricity losses with distribution Units losses with distribution % reduction in electricity maintenance backlog Number of people connected to hot water-load control	90 1400 241 150 - - - 2.44% 10,178,235 20 - 40%	100 1500 160 150 - - - 2.2% 5,000,000 30 - 50%	90 1400 167 150 - - - 0.72% 3,245,635 20 - 40%	DME projects Not budgeted Budget was not approved Improvement on electricity losses Saving on electricity losses per unit Asset maintenance programme in place to improve asset life No capital awarded on the budget
2.1.3 Alternate electricity distribution methods	Introduction of renewable energy resources	-	-	-	REDS timeline not established as per Government legislation Council should in future look at alternative energy resources to be in line with international standards
2.1.4 Provision of basic water	% of households with a basic level of water (formal and informal areas) Number of new water connections	100% 344	100% 780	100% 788	Council achieved to supply all households with clean water

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	% adherence to international standards for the quality of water supplied to consumers	95%	95%	100%	Blue Drop Status achieved for water quality
	% of houses built and occupied, but yet to be connected to basic services	-	-	-	
2.1.5 Water Demand Management	% unaccounted for water	3.1%	3.1%	4.1%	Water losses increased by 146,541 kl from the previous year
	Number of new water meters installed in unmetered areas	322	780	788	
	Number of old domestic meters replaced	266	180	181	
	Existence of a long term strategy to deal with periodic water shortages	-	Strategy to be approved	-	Water strategy has to be put in place for the long term
	% of households with a basic level of sanitation (formal and informal areas)	100%	100%	100%	
	Approval of Water Services Plan	-	Approval	Not approved	Draft Water Services Plan has not been approved by Council
	Number of households connected to a basic level of sanitation	38,249	42,388	42,388	Progress in line with housing provision
	Elimination of the bucket system	-	-	-	
	Elimination of shared toilets	1,400	1,400	1,400	Good progress
2.1.6 Waste Management	% households with basic level of solid waste removal (formal, informal and peri-urban areas).	60%	95%	65%	Make use of Private Entrepreneurs to expand service delivery for Solid Waste Management. The Budget, Personnel, Vehicles and equipment ratio not in line with the Growth and Development of the City.
	% of new households provided with basic level of solid waste removal	-	5%	5%	Make use of Private Entrepreneurs to expand service delivery for Solid Waste Management.
	Implementation of a pilot project on ward-based cleaning and greening	-	1	1	Mayoral Cleaning Campaign
	Number of Integrated Waste Management Plan projects implemented	-	1	-	Still awaits outcome of feasibility study to implement a Total Integrated Waste Management System for Tshwane City Council.

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.1.7 Occupational Health and Safety	Number of transfer recycling sites established or upgraded	-	-	-	Report submitted to Council with regard to install skips at hot spots. No funds available to implement such a project.
	Implementation of new Waste Management Act July 2009	-	100%	60%	By-Laws not yet amended. Awaits outcome of Feasibility study to implement Waste Programme.
2.1.7	Employee Wellness Programme	-	100%	100%	Programme in place
2.1.8	Safety Management Programme	-	Programme to be put in place	-	No personnel appointed
2.1.8	Finalize the proclamation of Ikageng Ext. 9 and 11	No formal township	Proclaim and finalize township	Completion of the layout plan and submission to the Surveyor General for approval	Outstanding special studies
2.1.8	Establish a database linked to a GIS	Intra connection No internet connection	Access to information Approval of integrated scheme	- Draft report approved	
	Approval of an Integrated Town Planning scheme				
	Complete old housing subsidy schemes	8,500	Completion of projects	Target not achieved	Completion of structural audit and submission of project proposal
	Transfer of properties to owners	40%	1,200	Target not achieved	Completion of transfers by December 2010
	Resolution of all housing disputes	200	300	100	Slow resolution and implementation
	Consolidate housing backlog	Different data base	Credible	Consolidated – unclean data	The data will be verified by January 2010
	Identify land for development	Increasing demand for properties	Housing sectoral plan	Project identified	New project has been identified in the IDP
	Compliance of Municipal Building by-laws (Building transgressions)	Non compliance	Reduce transgressions by 5%	Increasing compliance	Revision and updating of Building by-laws and increasing of inspection
	Application for funding to finalize Vredefort Dome document	No funds	Completion of study in 2010	Application of funds	Awaiting responses for funding

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.1.9 Integrated human settlement development - spatial development	Council-approved Spatial Development Framework A consolidated Land Use Management System (LUMS)	Old SDF Old scheme	Approval of draft document Draft integrated LUMS	Draft SDF approved Draft policy not approved	Public participation process ongoing Public participation process ongoing
2.1.10 Crime Prevention	Approval and implementation of an Integrated Crime Prevention Strategy Number of CCTV surveillance cameras installed.	- 12	- 12	Yes -	Funded by Kenneth Kaunda District Municipality City Council in process to obtain permission from the District Municipality to install additional 12 Cameras
2.1.11 Disaster Management	Number of disaster management centres established A fully functional disaster early warning system in place.	1	Upgrading of centre	Centre is fully functional	Continuous improvement next few years
2.1.13 Traffic Safety	Fully operational Level 2 incident command vehicle An operational traffic control service throughout Potchefstroom Adherence to standard response times for emergencies (accidents) Adherence to standard response times for emergencies (disaster) Adherence to standard response times for emergencies (fire)	1 - 100% 100% 100%	Vehicle to be operational Functional early warning system Vehicle to be operational 24 Hour traffic control	Functional early warning system Vehicle not fully compliant Target not achieved 100%	Upgrading to be done in the next financial year Budget constraints
2.1.13 Roads	A fully functional central control centre (CCC) for emergency services Approval of Road Transportation Plan	Control Centre -	Fully functional control centre Approval of Road Transportation Plan	Fully functional central control centre Target not achieved -	The response time could not be achieved because of the long distances to travel from the station Draft transportation plan to be completed for finalisation
	Upgrading and tarring of roads (km) Resurfacing of roads (km)	- 14,005	- 18,500	- 21,178	Maintenance programme

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Rehabilitation or reconstruction of roads (km). Gravelling of roads (km)	-	-	-	
2.1.14 Stormwater	Provision of augmentation of stormwater conduit (km)	8	12	14	Maintenance programme
2.1.15 Parks	Number of Public Open Spaces/Parks developed or upgraded Number of trees planted	-	2	2	New development Non-availability of watering trucks limit the section to plant more trees
2.1.16 Environment Management	Number of Environmental Projects implemented	179	500	477	None of the critical posts have been filled, although several requests have been submitted. to fill these unfunded posts
	Environmental Management Plan	-	Approval of Environmental Management Plan	-	None of the critical posts have been filled, although several requests have been submitted. The Provincial Government appointed a Service Provider to draft an Environmental Management Framework and an Environmental Management Plan.
	Number of people reached through environmental awareness	-	56,000	35,000	None of the critical posts have been filled, although several requests have been submitted. to fill these unfunded posts
2.1.16 Environment Health	Number of uniform by-laws and policies developed	-	4	-	The Provincial Government is in the process to develop updated uniform by-laws for all the municipalities in the North West Province

2.2 MUNICIPAL FINANCIAL VIABILITY AND SUSTAINABILITY

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.2.1 Development of IDP-based budget	Approval of IDP-based budget that meets legal requirements. An approved sustainable financial plan for allocation of municipal resources to enhance sustainability. (Strategic Financial Plan)	Budget submitted Financial Plan submitted	Submission of budget Submission of Financial Plan	Budget adopted Financial Plan adopted	Approval of final budget by end of May 2008 Approval of Financial Plan by end of May 2008
2.2.2 Sustained revenue collection	Revised Revenue Collection Master Plan in place. % improved and sustained revenue collection. Debt-to-income ratio Debtors to annual operating income % adherence to the Project Plan for the acquisition of the billing system. Capturing all meters currently not in the billing system. % adherence to the General Property Valuation Project Plan.	- 90% - - 100% -	100% adherence to plan 100% 1:50 1% 100% Yes 100%	90% - 1:20 5% 100% Yes 100%	Review of Credit Control Policy and Debt collection service provider basis Debtors are increasing on a yearly basis Revenue collection decreasing We have to comply so that the Valuation roll can be compiled. Updating information for lost revenue.
2.2.3 Sound Financial Management	% Personnel costs to total operating income % Capital expenditure % MIG expenditure % Restructuring grant expenditure Submission of financial statements that comply with MFMA and other accounting standards and practices. Creditors' days Improved credit rating	33% 85% 98% - 30 Credit rating in place	34% 100% 100% - 30 Improved credit rating to be in place	55% 62% - 30 Credit rating in place	No grants allocated in DORA In the next financial year the Council will have to conduct a credit rating to update its portfolio

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Risk Management Policy	-	Approval of policy	Target not achieved	In the next financial year the Council will have to approve a Risk Management Policy
	Risk Management Plan	-	Approval of plan	Target not achieved	In the next financial year the Council will have to approve a Risk Management Plan
	Risk assessment and development of risk register	-	Completion of risk register	Completed risk register	
2.2.4 Internal Audit	Approval of Internal Audit Charter that comply with Auditor requirements.	-	Approve Internal Audit Charter	Internal Audit Charter Approved	
	Audit Committee	4 Meetings per year	4 Meetings per year	4 Meetings	As per MFMA

2.3 MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.3.1 Strategic planning and integration	A functional cluster system in place	-	Functional cluster system to be in place	A cluster system was put in place for the preparation of the IDP review process	A cluster system is in place, in terms of which quarterly meetings will be held in the next financial year
2.3.2 Organisational rationalisation	Completion of the high-level institutional rationalization to eliminate duplications and enhance integration between performance and staff utilization. A functional administrative structure to co-ordinate service delivery in Potchefstroom. % adherence to the restructuring grant conditions.	-	Finalisation of institutional performance	Final structure not approved by Council	
		-	Finalisation of administrative structure	Final structure not approved by Council	No grants allocated in DORA
2.3.3 Human Resources Development	Completion and implementation of a new five-year Employment Equity Plan. Submission of Workplace Skills Plan Existence of an integrated programme for the acquisition of scarce skills as well as for dealing with current skills shortages in the Municipality.	Approved Employment Equity plan Yes	Revised Employment Equity plan Yes	Draft Employment Equity plan No	Policy making processes delayed by senior officials Deviation from training schedule
		-	Skills development plan to be put in place	No plan has been approved by Council	
2.3.3 Human Resources Development	% of Skills Development Levy returned to the Municipality in terms of eligibility. Completion of Task Job Evaluation Internal Processes A uniform remuneration framework that is equitable and cost effective in place.	-	100%	100%	An amount of R 979,215 has been received as rebate from SETA Forms has been submitted to SALGA for evaluation Awaiting response from SALGA

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.3.4 Integrated Performance Management	An integrated HR Information System (HRIS) in place	-	HR Information System to be put in place	No progress	
	Roll-out Performance Management System	-	Performance plans to be in place	Performance Management System is in process	Performance Management Policy has been developed in the next financial year
	Performance Management Policy	-	Approval of Performance Management Policy	No policy has been approved by Council	

2.4 LOCAL ECONOMIC DEVELOPMENT

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.4.1 Poverty alleviation and job creation	Existence of an Integrated Poverty Alleviation Strategy and Programme. Number of co-operatives assisted % reduction in unemployment	- 21 -	- 20 -	- 21 -	Policy has to be approved by Council in the next financial year No statistical information available
2.4.2 EPWP	Number of jobs created by municipal LED activities. Number of these jobs that have benefited women. Number of these jobs that have benefited youth. Number of jobs created by municipal capital projects. Number of these jobs that have benefited women. Number of learnerships in manufacturing and engineering – infrastructure sector. Development of Local Economic Development Plan. Existence of a City Development Strategy. Rate of economic growth	210 70% 55% 256 104 -	200 60% 80% - - 3 -	200 70% 55% - - 3 -	The number of jobs created depends on the scale and type of project, hence no target Awaiting strategy to be approved Public participation process No statistical information available
2.4.3 Economic growth and development	Implementation of key municipal economic development strategic priority projects. Existence of a functional consultative structure to consult key economic development stakeholders. Number of new investments attracted through the business initiatives.	- -	SMMF Forum -	Consultative structure to be in place -	Awaiting strategy to be approved by Council No information available
2.4.4 Urban agriculture	Number of anchor agricultural projects established.	-	-	-	No budget for projects

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.4.5 Tourism	Number of micro agricultural projects established (ecocircles). % annual increase in tourism	3,380	3,380	6,511	The Environmental Management Unit has been established per Council Resolution STATSSA July 2009 Facilitation and support
2.4.6 Broad-based economic empowerment	Number of township tourism entities established or capacitated through the Municipality's assistance.	5%	5.8%	5.8%	
	Development of a new funding model for Tourism to ensure it does not solely rely on municipal funds.	-	6	6	
2.4.7 City-wide skills development	Supply Chain Management Policy to enhance broad-based economic empowerment in place.	-	Approval of policy	Policy approved	
	% of tenders awarded to women as a percentage of all tenders awarded.	-	-	-	No statistical information available
	% of tenders awarded to youth as a percentage of all tenders awarded.	-	-	-	No statistical information available
	% of tenders awarded to previously disadvantaged individuals (PIDs)	-	-	-	No statistical information available
2.4.8 Sports development	Development of a City Skills Development Plan to alleviate the shortage of critical skills in Potchefstroom in conjunction with key stakeholders.	-	-	-	Plans has to be developed in the next financial year
	Existence of a sports development programme.	-	1	-	Waiting for the appointment of sport liaison officer
	Number of sports facilities upgraded and maintained.	-	10	15	
	Number of sports facilities	24	24	24	No funds available to establish new facilities
	Number of people who benefited from sport development programmes.	-	-	-	Statistics are not available
2.4.9 Recreation	Number of dams and resorts	2	2	2	
	Number of recreational facilities built.	-	-	-	
	Number of recreational facilities upgraded.	-	2	-	Insufficient funding
2.4.10 Arts, culture and heritage	Number of heritage sites developed	1	1	-	Vredfort Dome as world heritage site

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
	Number of artists and crafters assisted.	484	400	667	
	Establishment of Arts and Crafts Centre.	-	-	-	
	Establishment of Memorial Park	-	1	1	Will be launched March 2010
2.4.11 Library services	Computerisation of all libraries	90%	100%	99%	Some Extension programs have not yet been loaded at the Main Library due to lack of sufficient funds.
	Number of implemented programmes targeting children from disadvantaged areas	-	150	164	Libraries intend to reach as many disadvantaged , children as possible.

2.5 GOOD GOVERNANCE AND PUBLIC PARTICIPATION

KEY PERFORMANCE ELEMENT (KPE)	KEY PERFORMANCE INDICATOR (KPI)	BASELINE	TARGET 2008/09	ACTUAL 2008/09	EXPLANATION OF VARIANCE / COMMENTS
2.5.1 Asset management	Completion of a comprehensive asset register	-	Completion of a detailed Asset Register	Target not achieved	No asset manager appointed since 2008
2.5.2 Public participation	Development of an Integrated Public Participation Strategy and Implementation Plan. Institutionalisation of Ward Committees in the Municipality's administration and routing them to communities. % Ward Committees holding meetings in line with the agreed timelines.	-	Development of a participation strategy Institutionalisation of Ward Committees	Participation strategy in place In place	
2.5.3 Special Sector Support	Comprehensive Special Sector Development Programme.	-	-	-	To be drafted in the next financial year
2.5.4 Customer Care	Completion of a Customer Satisfaction Survey.	-	Completion of a Survey.	Survey not done	No survey was conducted
2.5.5 Councillor Support	Capacity Development Programme for Councillors.	-	100%	100%	

BUILDING AND ZONING PLANS 2008/2009

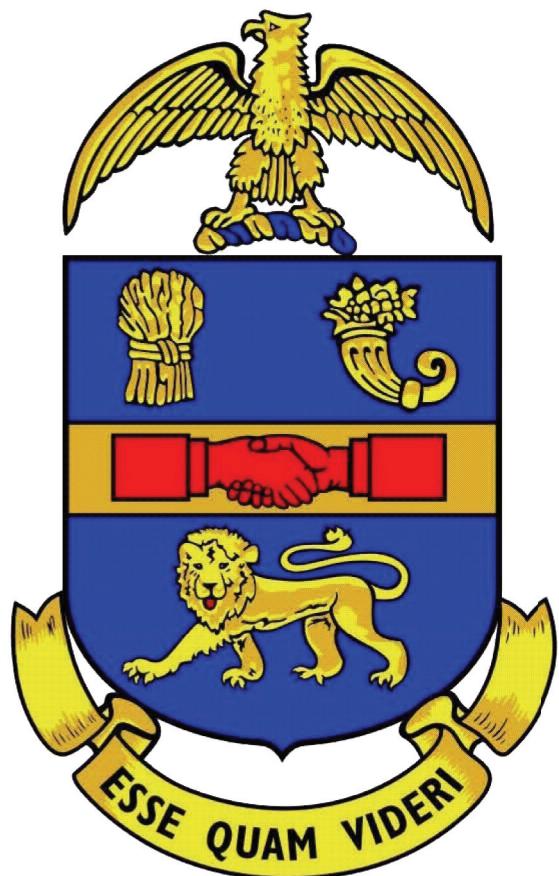
Applications Outstanding 1 July 2008	Category	Number of new Applications Received 2008/09	Total value of Applications Received R	Applications Outstanding 30 June 2009
67	Residential new	25	-	-
-	Residential additions	-	-	-
9	Commercial	11	-	-
1	Industrial	2	-	-
31	Other (specify)	40	-	-

BUILDING PLANS 2008/2009

Applications Outstanding 1 July 2008	Category	Number of new Applications Received 2008/09	Total value of Applications Received R	Applications Outstanding 30 June 2009
-	Residential new	248	230,760,500	-
-	Residential additions	348	74,487,100	-
-	Commercial	70	93,145,800	-
-	Industrial	9	12,987,000	-
-	Other (specify)	16	7,493,000	-

TLOKWE CITY COUNCIL

CHAPTER 3



HUMAN RESOURCE AND ORGANISATIONAL MANAGEMENT

Organisational Human Resource Management

The role of Human Resources Management (HRM) within the City can be categorized as:

1. Strategic Human Resource Management where human resources practices that drive and support the City's organizational strategy are identified and structured.
2. Human Resource Service Delivery, which involves the design and delivery of human resource processes for staffing, training, appraising, rewarding and general managing of the life cycle of employees throughout the organization.
3. Employee Commitment – facilitating capacity building of managers to have the required skills, knowledge and competence to manage their staff effectively.
4. Change Management, through facilitation of problem identification and helping the management team to develop and implement appropriate solution and action plans.

The Tlokwe City Council has a total workforce of 1 010.

The actual personnel cost contributes 33,7% of the Tlokwe City Council operational budget.

The table provides the different employment categories in the City Council

Employment Category	Male	Female	Total
Legislators	29	12	41
Managers and Corporate Managers	10	3	13
Professionals	75	30	105
Technicians and Trade Workers	66	1	67
Community and Personal Service Workers	51	37	88
Clerical and Administrative Workers	41	107	148
Operators and Drivers	94	1	95
Labourers	395	58	453
Apprentices	0	0	0
TOTAL	762	250	1 010

Total number of employees who received training

Employment Category	Male	Female	Total
Legislators	6	11	17
Managers and Corporate Managers	10	5	15
Professionals	7	1	8
Technicians and Trade Workers	0	0	0
Community and Personal Service Workers	2	3	5
Clerical and Administrative Workers	14	10	24
Operators and Drivers	0	0	0
Labourers	0	0	0
Apprentices	0	0	0
TOTAL	762	30	69

The City Council's Capacity Development and skills development programme are NQF aligned.

The City Council values stability in the workplace and through the Local Labour Forum, all labour related issues are resolved between the Employees and the different trade unions.

The following tables represent information on the pension funds and medical aid schemes in existence in Tlokwe City Council.

Pension Funds:

Name of Fund	No of Members
South African Local Authorities Pension Fund	65
Potchefstroom Municipal Retirement Fund	520
SAMWU National Provident Fund	94
Municipal Employees Pension Fund	157
Municipal Gratuity Fund	129

Medical Aid Schemes:

Schemes	Membership
Keyhealth	152
Bonitas	147
Hosmed	77
LA Health	23
SAMWUMED	201

Post retirement Health Care benefit liability: R 75,862,841

The following table illustrates trends in personnel expenditure in the last five years:

Year	Personnel Expenditure R	Total Operating Income R	%
08/09	153,249,960	491,314,969	31,2
07/08	134,548,118	403,913,527	33,3
06/07	122,732,677	373,260,827	32,9
05/06	116,039,894	341,323,351	34,0
04/05	115,979,149	321,349,473	36,1

* Including grants received in the operating income

Breakdown in Personnel Expenditure for 2008/09

Description	Budget 2008/2009	Actual 2008/2009
Salaries	101,086,407	91,357,917
Salaries: Sessions	146,000	0
Salaries: Holiday Workers	5,250	0
Contribution: Pension Fund	22,211,398	18,681,165
Contribution: Insurance	5,045,963	5,005,444
Medical Aid Fund	6,948,290	8,029,441
Provision: Bonuses	8,662,442	7,255,492
Provision: Leave (Payment)	0	0
Provision: Leave	2,271,571	2,332,571
Stand-by Service	1,249,500	1,625,501
Housing and Allowance	2,263,842	2,848,404
Protective Clothing	1,245,616	1,112,086
Overtime Remuneration	3,746,162	7,144,455
Temporary Workers	1,101,406	1,815
Project Workers	143,200	102,967
Supervisors	91,700	460,282
Reservists	789,200	606,240
Shift Allowance	532,166	0
Transport Allowance	5,027,463	6,686,180
Provision for post retirement medical benefits	0	75,862,841
	162,567,576	229,112,801

TLOKWE CITY COUNCIL

CHAPTER 4



MUNICIPAL FUNCTIONAL SERVICE DELIVERY

FUNCTIONAL SERVICE DELIVERY REPORTING

EXECUTIVE MAYOR ADMINISTRATION

	DETAIL	TOTAL		
Overview:	The Administration must render a support to the Executive Mayor to fulfil all his executive duties.	Budget R	Actual R	
Activity:	The function of Administration Executive Mayor within the municipality is administered as follows:	Revenue Expenditure	0 7,661,215	0 8,108,165
		Fulfill all legal and constitutional obligations. Adhere to and implement all Council policies and regulations. Administer all Mayoral Committee functions. To develop and implement Council policies. Monitor and control the annual budget.		
		Programme Objectives The department must act on high priority projects for Council. Lead all stakeholders in the strategic and political direction of Council. Adhere to all Council policies and regulations.		
		Challenges Shortage of key personnel. Budgeting constraints. To align Council equity plan.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Executive Mayor personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 2 2 1	2,718,396	2,867,713
	Capital		Budget	Actual
	Projects		16,378	16,378
	Key Performance Indicators			
	To improve service delivery to the community of Potchefstroom. To alleviate poverty and create more job opportunities. To attract investments from external investors. To give political guidance and leadership.			

GENDER AND YOUTH							
	DETAIL	TOTAL					
Overview:	The administration must render support to the Gender and Youth of this community		Budget R	Actual R			
Activity:	The function of Gender and Youth within the municipality is administered as follows:	Revenue Expenditure	0 14,993	0 10,199			
		Monitor and control budget To address transversal issues					
Programme Objectives							
To provide an effective and efficient service to the Gender and Youth of this community							
Challenges							
Shortage of staff Budget constraints Lack of resources for community development							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Communication personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	4,293	4,293			
	Capital		Budget	Actual			
	Projects		0	0			
Key Performance Indicators							
To enhance Gender and Youth development To develop leaders for the future							

DONATIONS							
DETAIL		TOTAL					
Overview:	To administer Grants-in Aid and Donations.		Budget R	Actual R			
Activity:	The function of Grants-in Aid and Donations within the municipality is administered as follows:	Revenue Expenditure	0 220,000	0 222,785			
		Monitor and control all grants-in-aid and donations made by Council.					
Programme Objectives							
Implement and manage a donation fund.							
Challenges							
Limited funds.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Grants-in Aid and Donations personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A	0	0			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
	To assist the destitute and needy.						

COMMUNICATION							
	DETAIL	TOTAL					
Overview:	All activities of branding, public relations and marketing of the City as well as assisting in all activities of the Mayor.		Budget R	Actual R			
Activity:	The function of Communication within the municipality is administered as follows:	Revenue Expenditure	0 2,026,984	0 2,058,147			
		<p>Write speeches for the Executive Mayor or his representative at official functions.</p> <p>Official photography of Council activities.</p> <p>Compile and design the agenda newsletter on a monthly basis.</p> <p>Media management: statements, press sessions and liaising with the media.</p> <p>Branding at all official activities of Council.</p> <p>Disseminating relevant Council information to both internal and external audiences. - Colleagues and the general public.</p>					
Programme Objectives							
<p>Attract direct investments to Potchefstroom by participating in high level negotiations.</p> <p>Create and maintain good relations between Council and other spheres of government as well as local, national and international communities.</p> <p>Market and communicate the council's strategies, objectives and initiatives to local and provincial government and other stakeholders.</p>							
Challenges							
<p>Poor despondence of media to events of municipality.</p> <p>Few media houses that could assist in transferring information to the community.</p> <p>Shortage of staff.</p> <p>Lack of resources for community liaison purposes.</p>							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Communication personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2	965,980	1,011,941			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
	Media management. Public relations matters of the municipalities. Internal and external communication management. Marketing the services of the municipality. Marketing the municipality to outside investors.						

FUNCTIONAL SERVICE DELIVERY REPORTING

OFFICE OF THE SPEAKER ADMINISTRATION

	DETAIL	TOTAL		
Overview:	General administrative and other support services		Budget R	Actual R
Activity:	The function of the Administration of the Office of the Speaker is administered as follows	Revenue Expenditure	0 5,095,188	0 5,291,605
		Central archiving, record-keeping services and mailing. Compliance with legislation with regard to the safekeeping of records and other specific items. To provide accurate updated information on legitimate requests received from any other directorate. Provide messenger services relevant to the activities of the Office of the Speaker. Management of the availability of required venues to be utilised by the Speaker i.e. community halls, Council chambers etc.		
		Programme Objectives To provide central archiving, record keeping services and mailing.		
		Challenges Staff shortage.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of the Office of the Speaker personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 7 12	4,119,251	4,209,666
	Capital		Budget	Actual
	Projects		117,563	117,563
	Key Performance Indicators			
	General administrative and other support services to enhance the main functions of the speaker Committee / meetings Secretariat Legal advisory services			

OFFICE OF THE SPEAKER							
	DETAIL	TOTAL					
Overview:	General administrative and other support services relevant to the main functions of the Speaker.		Budget R	Actual R			
Activity:	The function of Office of the Speaker within the municipality is administered as follows	Revenue Expenditure	0 1,782,055	0 1,678,895			
		<p>Programming and co-ordinating the central diary of Council activities and meeting dates.</p> <p>The preparation of documents and execution of administrative tasks subsequent to meetings.</p> <p>General document processing.</p> <p>To ensure that there is legal compliance to legislation, precedence and authoritative guidelines.</p>					
Programme Objectives							
<p>To facilitate and administer council meetings.</p> <p>Training of officials, Portfolio and Ward Committee Members.</p> <p>To provide legal and secretarial support to the speaker.</p>							
Challenges							
Training Councillors and Ward Committee Members.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Manager of the Speaker personnel: - Managers - Senior Management - Middle Management - Clerical - Other	3 4	1,470,606	1,287,379			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
<p>Establishment and effective functioning of Ward Committees.</p> <p>Policy development.</p> <p>Community involvement and public participation.</p> <p>Policy and sectoral plan development.</p>							

COUNCILLORS REMUNERATION				
DETAIL		TOTAL		
Overview:	Councillor orientation and support.		Budget R	Actual R
Activity:	The function of Councillors Remuneration within the municipality is administered as follows	Revenue Expenditure	-1,200 17,128,088	-155 16,449,562
<p>To give effect to the establishment notice for Ward Committees.</p> <p>Train, capacitate ward committee members, and other support services.</p> <p>To technically assist Speaker in monitoring performance of Ward Committees.</p> <p>Councillor Orientation and Support.</p> <p>Identify, facilitate and co-ordinate Councillor training requirements.</p> <p>To manage and assist Councillors with regard to Councillor remuneration, benefits, allowances, transport arrangements, cell phone arrangements, etc.</p> <p>To provide technical support to the Disciplinary Committee and Speaker with regard to activities related to the Code of Conduct for Councillors and the Rules of Order.</p> <p>Facilitate interactions between inputs from ward committees and the community to ensure effect is given to public participation processes and response by the executive and administration in.</p>				
Programme Objectives				
Capacitate council and committees.				
Challenges				
Insufficient office space for Ward Councillors to administer community issues.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of the Office of the Speaker personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A		
	Capital		Budget	Actual
	Projects		86,925	86,925
	Key Performance Indicators			
	Code of conduct for Councillors. Councillor training.			

FUNCTIONAL SERVICE DELIVERY REPORTING

MUNICIPAL MANAGER ADMINISTRATION

	DETAIL	TOTAL	
Overview:	The Municipal Manager is required to lead and direct the administration aspects of the Municipality, account to the Council and work towards the fulfilment of the objects of local government as described in the Constitution of the Republic of South Africa.	Budget R	Actual R
Activity:	The function of Municipal Manager is administered as follows	Revenue Expenditure	1,400,000 6,969,280 0 6,344,671
Managing the interface between management and the political executive by attending regular Mayoral Committee meetings and Council meetings. Regular management meetings with Managers. Monitor and control the budget so that expenditure is in line with requirements and the IDP. Adhere to all Council- and other sectoral binding policies and procedures.			
Programme Objectives			
Tlokwe City Council is managed on sound principals to ensure efficient and effective service delivery. Capacitate the Municipal workforce through skills development and best practices.			
Challenges			
Physical infrastructure and housing backlogs. Human Resources development influenced by budget constraints.			
Analysis of the Function:	Personnel Cost	Number	Budget
	Number and cost to employer of all Municipal Manager personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 3 3	3,312,061 3,266,875
	Capital	Budget	Actual
	Projects	6,021,659	21,659
	Key Performance Indicators		
Annual review of the IDP and linkage with the budget. Monitor and control the budget by: Submission of monthly, quarterly and annual financial reports. Submission of Amendment Budget			

IDP AND PMS				
	DETAIL	TOTAL		
Overview:	The Strategic Management section is required to administer all special projects that the Municipality has undertaken.	Budget R	Actual R	
Activity:	<p>The function of Strategic Management within the municipality is administered as follows:</p>	Revenue Expenditure	0 1,535,318	0 1,954,422
	<p>Co-ordination of the annual review of the Council's IDP.</p> <p>Integration of the IDP with the budget and the performance management system.</p> <p>Development of organisational- and Section 57 KPI's.</p> <p>Development of an enterprise-wide Geographic Information System (GIS) for Council.</p> <p>Promoting co-operative governance by attending District and provincial IDP workshops and forums.</p> <p>Integration of sectoral plans and facilitating the development thereof.</p> <p>Presentations on the IDP to the Council and any of its forums as well as any external stakeholder.</p>			
Programme Objectives				
	To support integrated and coordinated decision-making in pursuit of sustainable development based on innovation and community and stakeholder participation.			
Challenges				
	<p>Promotion of effective public participation in the IDP/Budget process.</p> <p>Development of non-financial key performance indicators.</p> <p>Standardisation of the Service Delivery and Budget Implementation Plan (SDBIP) according to National Treasury directives.</p>			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Strategic Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	799,280	845,953
Capital			Budget	Actual
	Projects			0
Key Performance Indicators				
	Annual review of the IDP and linkage with the budget. Development of amended SDBIP format in consultation with the Budget Office. Development of Departmental KPI's linked to the IDP (Departmental Scorecards) Finalisation of the roll-out of Phase 1 of the enterprise-wide GIS (pilot project)			

VALUATION SERVICES				
	DETAIL	TOTAL		
Overview:	Provide a comprehensive tax base management and property tax related valuation as well as an ad - hoc valuation service to Tlokwe City Council.	Budget R	Actual R	
Activity:	1.The function of tax base management and property tax valuation is administered as follows:	Revenue Expenditure	0 1,723,130	0 1,790,268
	<p>1.1.Tax base management Continuous administrative updating of Councils Official Valuation Roll and internal hard copy files from monthly deeds office info and other sources</p> <p>1.2. Supplementary valuations. 1.2.1.Do inspections, update internal records and do valuation on all fixed property due to new buildings, additions, reasoning, sub-divisions, consolidations etc.</p> <p>1.3. Periodical General valuations. Establishing the prescribed official periodical General Valuation Roll to Council. The strategic objectives of these functions are to: Provide Council with a legally sound and updated tax base to be used as a major income source.</p> <p>2.The function of an ad hoc valuation service within the municipality is administered as follows and includes:</p> <p>2.1.Ad hoc valuation service Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from other departments in Council.</p> <p>2.2. Property rental advisory service Doing market research on property related issues and applying these data and norms to ad hoc valuation requests from outside clients</p>			
	Programme Objectives Provide Council with updated and property related information to make economical sound and objective decisions relating to property , as well to provide a service to clients/ratepayers based on Batho Pele principles.			
	Challenges Introduction of the Property Rates Act			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all City Valuer personnel: <ul style="list-style-type: none"> - Managers - Senior Management - Middle Management - Clerical - Other 	1 1 3 1	1,346,694	1,415,575
	Capital Projects		Budget	Actual
			1,877,104	1,857,701
Key Performance Indicators				
	Adressing complaints from the consumers during the valuation process			

FUNCTIONAL SERVICE DELIVERY REPORTING

BUDGET AND TREASURY OFFICE BUDGET PLANNING & IMPLEMENTATION

DETAIL		TOTAL		
Overview:	To provide effective and efficient budget planning and contribute a linkage to the integrated development planning of the City Council of Tlokwe.		Budget R	Actual R
Activity:	The function of Budget Planning & Implementation within the municipality is administered as follows:	Revenue Expenditure	0 969,788	0 1,080,771
		Compiling of annual Municipal Budget (operational & capital) in terms of the MFMA. Managing in-year early warning reporting system. Compiling of the annual adjustment budget according to the MFMA.		
		Programme Objectives To provide Council with a comprehensive annual budget that is linked to the integrated development plan. To monitor the spending patterns according to the service delivery budget implementation plan.		
		Challenges New Budget regulations to be implemented in a short space of time		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Budget Planning & Implementation personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1	784,596	765,469
	Capital		Budget	Actual
	Projects		8,170	8,170
	Key Performance Indicators	Compiling of annual Municipal Budget (operational & capital) in terms of the MFMA. Compilation of the mid-year budget according to the MFMA. Monitoring and managing the budget on a monthly basis. Monthly reporting to National and Provincial Treasury		

FINANCIAL MANAGEMENT							
DETAIL		TOTAL					
Overview:	To provide financial information and management services. Manage all investments: assets and liabilities.		Budget R	Actual R			
Activity:	The function of Financial Management within the municipality is administered as follows:	Revenue Expenditure	-64,261,000 51,265,566	-78,061,254 52,248,974			
Compilation of annual financial statements. Manage the accounting procedures: Income and Expenditure. Servicing all external loans and other financial commitments. Monthly reporting on cash flow and financial management system. Finalisation of tenders through the supply chain management unit.							
Programme Objectives							
Provide accounting and financial management services to the Council and National Treasury.							
Challenges							
Shortage of experienced and skilled personnel. In house training for the financial staff							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
Number and cost to employer of all Financial Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1		3,191,367	2,965,652			
	2						
	11						
	1						
Capital		Budget	Actual				
Projects		63,635	63,635				
Key Performance Indicators		Target	Achieved				
Compilation of monthly financial statements and reports. Payment of monthly salaries to Council officials. Regular payments to creditors.							

REVENUE MANAGEMENT							
DETAIL		TOTAL					
Overview:	To have a transparent financial control and cash management system.		Budget R	Actual R			
Activity:	The function of Revenue & Debt Management within the municipality is administered as follows:	Revenue Expenditure	0 6,473,432	0 6,071,674			
		<p>Preparing the municipality's annual revenue budget for basic services.</p> <p>Exercise control over the municipal revenue collection in conjunction with the credit control policy.</p> <p>Managing the monthly suspension of municipal services of defaulters.</p> <p>Manage the process of arrear debtors and legal aspects.</p> <p>Manage the integrated consumer billing system.</p> <p>Finalise the monthly meter reading process prior to billing of consumer accounts.</p>					
Programme Objectives							
Implement and manage an indigent grant system.							
Maximise revenue collection for services rendered.							
Challenges							
Shortage of experienced staff.							
Monitoring of meters(water and electricity)							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Revenue & Debt Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	4 19 18	6,129,152	5,549,129			
	Capital		Budget	Actual			
	Projects		2,530,664	2,530,664			
Key Performance Indicators							
Debt management and customer care							
Administration of debtors							

GOVERNANCE						
	DETAIL	TOTAL				
Overview:	Managing financial systems and render financial training to staff. Implement and monitor treasury norms and standards.	Budget R	Actual R			
Activity:	The function of Financial Governance within the municipality is administered as follows:	Revenue Expenditure	0 1,874,814	0 1,766,441		
Develop financial and budget norms and standards in consultation with National and Provincial Treasury. Develop the fraud prevention and risk management plan. Submitting monthly, quarterly and yearly reports to National and Provincial Departments.						
Programme Objectives						
Develop and implement a fraud prevention and risk management plan for the municipality. Develop financial capacity and training within the department of finance.						
Challenges						
To build capacity in the department.						
Analysis of the Function:	Personnel Cost	Number	Budget	Actual		
	Number and cost to employer of all Financial Governance personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 2 1	1,849,936	1,739,138		
	Capital	Budget		Actual		
	Projects	0		0		
Key Performance Indicators						
Administration of Audit Committee Meetings. Implementation of reports and resolutions. Attend Council and Senior Management meetings. Annual audit report from AG Office. Managing annual budget and staff.						

ASSET MANAGEMENT				
DETAIL		TOTAL		
Overview:	Managing of all moveable and immovable assets of the City Council.		Budget R	Actual R
Activity:	The function of Asset Management within the municipality is administered as follows:	Revenue Expenditure	-250 -297,063	-9,000 550,893
		Manage the assets of the institution according to the MFMA. Manage the investment portfolio. Procure all goods and services. Manage the operations of all bank accounts and cashbook of the municipality. Manage the identification, classification and recording of all assets as well as revaluation of all non-current assets. Manage the insurance portfolio		
		Programme Objectives Manage an asset management system. Procure goods and services for the Stores section		
		Challenges To manage council assets to norms and standards.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Asset Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 4 3	1,396,300	1,409,248
	Capital		Budget	Actual
	Projects		973,137	945,342
	Key Performance Indicators			
	Managing of investments and loans. Recording and monitoring of all assets. Updating of the Cash Book Managing Stores and Procurement			

ASSESSMENT RATES				
	DETAIL	TOTAL		
Overview:	Property valuation determines the assessment income for the City Council.	Budget R	Actual R	
Activity:	The function of Assessment Rates within the municipality is administered as follows:	Revenue Expenditure	-68,985,326 0	-72,763,070 0
Analysis of the Function:	All properties are assessed by the valuation department.			
	Programme Objectives			
	Collect income based on assessment rates from the community.			
	Challenges			
	Valuation of properties Municipal borders of Potchefstroom have increased. Lack of experienced personnel.			
Personnel Cost	Number	Budget	Actual	
Number and cost to employer of all Asset Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A	0	0	
Capital		Budget	Actual	
Projects		0	0	
Key Performance Indicators	Levyng of assessment rates to all consumers.			

FUNCTIONAL SERVICE DELIVERY REPORTING

PUBLIC SAFETY TESTING STATION

	DETAIL	TOTAL		
Overview:	The Testing Station is managed according to SABS codes.		Budget R	Actual R
Activity:	The function of the Testing Station within the municipality is administered as follows:	Revenue Expenditure	-2,331,180 2,877,389	-3,332,296 3,670,225
	Road Worthiness Learners Licences Drivers Licences			
	Programme Objectives Test motor vehicles for roadworthiness. Test applicants for learner and driver's licenses.			
	Challenges Shortage of experienced personnel.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Testing Station personnel: - Managers - Senior Management - Middle Management - Clerical - Other	3 6 6	1,953,861	1,772,491
	Capital Projects		Budget 0	Actual 0
	Key Performance Indicators			
	Testing of driver's licences Testing of learner licences Roadworthiness certificates Renewal of driver's licenses			

LICENSING				
	DETAIL	TOTAL		
Overview:	Registration and licensing of motor vehicles.		Budget R	Actual R
Activity:	The function of the Licensing Section within the municipality is administered as follows:	Revenue Expenditure	-3,055,730 2,206,126	-5,111,870 2,145,757
	The function of Licensing within the municipality is administered as follows and includes: Registration and licensing of motor vehicles Issue of Business licences Issue of permits for Informal Trading Stands Daily payment to the Department of Transport			
	Programme Objectives			
	Enhance the agency for licensing and clearance certificates.			
	Challenges			
	Inadequate building facilities.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Licensing personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 6	1,689,471	1,720,992
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	Renewal of motor vehicle licenses as per agreement with Provincial Government Efficient and friendly service delivery.			

TRAFFIC SERVICES							
DETAIL		TOTAL					
Overview:	To promote road safety and enforce traffic laws and regulations.		Budget R	Actual R			
Activity:	The Traffic Services functions of the municipality are administered as follows:	Revenue Expenditure	-6,209,600 10,178,120	-12,549,091 10,255,048			
		Monthly operations Payments received during TCS monthly roadblocks Abnormal loads - escorts Marathon Effectiveness of traffic fines collection Reservist Programme (Scholar Patrol) Develop a yearly public training and road safety program Conduct arrive alive projects Road blocks Special operations Points duty reservist school programme Robots not functional Animals on road HMV lost freight Court attendance Escorts					
Programme Objectives							
Enforce the law and minimize traffic violations.							
Challenges							
Shortage of staff							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Traffic Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 4 21 9	7,448,566	6,442,331			
	Capital		Budget	Actual			
	Projects		0	0			
Key Performance Indicators							
Ensure law enforcement function in the greater Potchefstroom district.							

FIRE SERVICES							
DETAIL		TOTAL					
Overview:	To operate an effective fire fighting and other support services relevant to the main function of Fire Services.		Budget R	Actual R			
Activity:	The Fire Services functions of the municipality are administered as follows:	Revenue Expenditure	-42,540 8,818,622	658 7,989,584			
Operational fire fighting Rescue services Special services Fire safety inspections Fire Reservist programme							
Programme Objectives							
Reduce fire losses and provide humanitarian services.							
Challenges							
Shortage of key personnel Insufficient rescue equipment Replacement of veldt fire unit							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Fire Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 26 11	7,258,397	6,455,698			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
	To maximise all fire related services to the community.						

DISASTER MANAGEMENT							
DETAIL		TOTAL					
Overview:	Implement and manage an effective disaster management plan.		Budget R	Actual R			
Activity:	The Disaster Management functions of the municipality are administered as follows:	Revenue Expenditure	0 1,821,760	0 1,716,935			
		To manage the control centre for the entire municipality. To render an after hour pay point for traffic offenders. Billing of fire services rendered. Risk management. Co-ordination of all major events in the city.					
Programme Objectives							
To manage disasters in the demarcated Municipal area							
Challenges							
Budget constraints. Lack of staff Lack of high technology vehicles Lack of high technology equipment for the control centre							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Disaster Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other		1,412,558	1,362,771			
	1						
	1						
	6						
	Capital		Budget	Actual			
Projects			0	0			
Key Performance Indicators							
To manage disaster in the demarcated Municipal area							

TRAFFIC SERVICES: TECHNICAL AND TRANSPORT							
	DETAIL	TOTAL					
Overview:	To promote road safety in terms of the Road Traffic Act, manage Integrated transport planning and implementation in terms of the National Land Transitional Transport Act (NLTTA), to ensure compliance to the directives of the Southern African Development Community Road Traffic Signs Manual (RTSM).		Budget R	Actual R			
Activity:	Traffic signs and street painting teams.	Revenue Expenditure	-36,600 2,041,520	-20,139 1,777,256			
1. To manage and maintain all road signs and road markings in Potchefstroom							
2. Transport Committee.							
Programme Objectives							
Maintain and improve road signs and road markings.							
Challenges							
Vandalism and theft of road signs. Cost of maintenance Condition of roads							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Traffic Engineering and Parking personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2 11	1,439,577	1,203,108			
	Capital		Budget	Actual			
	Projects		0	0			
Key Performance Indicators							
Ensure operational law enforcement function in the greater Potchefstroom district. Management of Public Private Partnership within the department. Management of Transport Committee (Number of meetings) Approval of the Road Transportation Plan							

SECURITY AND LOSS CONTROL							
DETAIL		TOTAL					
Overview:	Managing security and loss control for the entire organisation.		Budget R	Actual R			
Activity:	The Security and Fire Safety functions of the municipality are administered as follows:	Revenue Expenditure	0 3,413,371	0 3,075,076			
		Management of security by service providers. Management of loss control. Investigate security related matters Administer all applications for gatherings. Control of all firearms in the possession of the City Council.					
Programme Objectives							
To manage the private security service providers in order to effectively protect the Council's assets Compile, apply, coordinate and evaluate internal security measures. Minimize losses and damages within the City Council							
Challenges							
Compilation and approval of an internal security policy Regulation of car watchers Training of personnel with regard to Loss Control							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Security and Fire Safety personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 3	895,275	567,188			
Capital		Budget	Actual				
Projects		0	0				
Key Performance Indicators							
Management of private security service providers							

PUBLIC EDUCATION AND TRAINING						
	DETAIL	TOTAL				
Overview:	To train personnel on fire services and educate the public through awareness campaigns.		Budget R	Actual R		
Activity:	The function of the Public Education & Training within the municipality is administered as follows	Revenue Expenditure	-220,500 826,359	-307,593 650,579		
	Fire Safety Awareness / Public education programme Training of professional fire fighters Training of other institutions					
	Programme Objectives					
	Compile an adequate training programme Provide adequate training to other institutions for revenue generation					
	Challenges					
	Shortage of skilled staff. Inadequate accommodation facilities.					
Analysis of the Function:	Personnel Cost	Number	Budget	Actual		
	Number and cost to employer of all Public Education & Training personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2	384,715	213,457		
	Capital	Budget	Actual			
	Projects	0	0			
	Key Performance Indicators					
	Training and Public Education Program.					

ADMINISTRATION				
DETAIL		TOTAL		
Overview:	To manage the provision of sound administrative services and processes in the Department.		Budget R	Actual R
Activity:	The function of the Public Safety Administration within the municipality is administered as follows:	Revenue Expenditure	0 3,315,888	0 2,994,195
	<p>Manage the administration of the department, policy development, coordinate activities between support functions and prepare and submit reports to Council.</p> <p>Financial administration regarding Traffic law enforcement</p> <p>Monitor and coordinate human resource function in the Department.</p> <p>Legal compliance to legislation</p>			
	Programme Objectives			
	<p>Monitor and control the department's budget.</p> <p>Implementing all Council policies and regulations.</p>			
	Challenges			
	Budget constraints			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Public Safety Administration personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 4 8	3,212,015	2,745,027
	Capital		Budget	Actual
	Projects		10,200	10,187
	Key Performance Indicators			
	Lead, direct and manage staff within the department to meet all its objectives.			

FUNCTIONAL SERVICE DELIVERY REPORTING

CORPORATE SERVICES ADMINISTRATION

	DETAIL	TOTAL			
Overview:	Co-ordinates the capacitation of the municipal workforce through human resource management, skills development, labour relations and employee assistance program	Budget R	Actual R		
Activity:	The function of Administration Corporate Services within the municipality is administered as follows:	Revenue Expenditure	-252,000 5,223,104		
Implementing council policies and procedures. Monitor and control budget. Lead, direct and manage staff within the departments.					
Programme Objectives					
To provide an effective and efficient service in the administration.					
Challenges					
The Department is seriously understaffed.					
Analysis of the Function:	Personnel Cost	Number	Budget		
	Number and cost to employer of all Administration Corporate Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 3 2 32	4,402,047 3,267,955		
	Capital	Budget	Actual		
	Projects	10,200	10,187		
	Key Performance Indicators				
	Manage and guide on the creation of a workforce culture that is responsive to a sound labour relations, gender, youth, disability and women sensitive.				
	Manage the capacity of the workforce through skills development, employment equity, learnership and mentor student.				
Implementation of all council resolutions.					
Manage the overall budget of the department.					

HUMAN RESOURCES				
	DETAIL	TOTAL		
Overview:	Human Resource Management include recruitment and selection, induction, psychometric testing, orientation and employee assistance programme.		Budget R	Actual R
Activity:	The function of Human Resources within the municipality is administered as follows:	Revenue Expenditure	-220,000 10,838,714	-321,383 9,947,990
Placing of advertisements internally and externally. Drawing up of job descriptions and job evaluation for posts. Administering of workforce profiles. Efficient management support on emotional and physical issues through counselling.				
Programme Objectives				
To empower and capacitate the municipal workforce. To assist employees with counselling on social problems.				
Challenges				
To have a motivated and skilled workforce. To develop an EAP network in the organization.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Human Resources personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 5 3	2,819,416	2,548,309
Capital			Budget	Actual
Projects			53,186	53,186
Key Performance Indicators				
Management of recruitment, selection, placement, induction, promotion, transfers and terminations. Management of an effective Employee Assistance Program to enhance the quality of the workforce.				

COMPUTER SERVICES							
DETAIL		TOTAL					
Overview:	Provide a comprehensive management information system and infrastructure service to the City Council.		Budget R	Actual R			
Activity:	The function of Computer Services within the municipality is administered as follows:	Revenue Expenditure	-0 4,622,564	-0 4,068,505			
		Continuous updating and rendering of Water & light Accounts to the public. Continuously updating & Monthly producing of Payslips for personnel. Continuously updating, producing Creditors statements. Continuously process Data for Expenditure, Income and General Ledgers Maintaining and Updating the Wide Area Network of Council. Analysis, Design, developed & maintaining systems for council. Acquisition of new Hardware and software. Maintaining and updating the Hardware and software. To advice Council on all policies related to IT. To administer the Internet according to laid down policies.					
Programme Objectives							
Provide Council with updated IT related information to make sound economical decisions. To render effective and efficient Information System services according to the Batho Pele principles of service standards, honesty, respect for human dignity and to ensure a consensus transformation process and value for money.							
Challenges							
Upgrading of hard / software Internet usage Infrastructure maintenance							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Computer Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 1 3	1,176,961	987,172			
	Capital		Budget	Actual			
	Projects		105,173	105,133			
	Key Performance Indicators						
	Delivering monthly statements, payslips, payment advices, cheques and reports. Completion of daily transactions. Yearly handling of Year-end procedures. Daily backup procedures. Managing the wide area network for internal clients. Managing the internet and intranet for internal clients. Managing the acquisition of hardware, software and maintaining there off. Analysis, design, develop and maintaining of software.						

AUXILIARY SERVICES				
DETAIL		TOTAL		
Overview:	Auxillary Services include the Dan Tloome complex, the printing department and the telephone exchange		Budget R	Actual R
Activity:	The function of Auxillary Services within the municipality is administered as follows:	Revenue Expenditure	-0 1,543,305	-0 1,621,256
	Manage and maintain the following services in the Municipality: - Telephone System - Printing Department - Dan Tloome Complex			
	Programme Objectives An efficient internal and external communication system To provide a printing service to all the departments in the Council Co-ordinate all the meetings and workshops in the complex			
	Challenges Manage and control the budget Lack of staff High maintenance on technical equipment			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Auxillary Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 4	700,239	630,581
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators To manage the internal and external calls To assist departments with a high volume of printing To co-ordinate all meetings and workshops in the complex			

COMMUNITY CENTRES							
	DETAIL	TOTAL					
Overview:	To Provide venues and hosting of different Council and public or private functions, meetings and events.		Budget R	Actual R			
Activity:	The function of Community Centres within the municipality is administered as follows:	Revenue Expenditure	-174,630 2,514,140	-220,722 2,762,710			
		<p>Conduct bookings telephonically or in person and refer clients for payment in certain cases arranges for free availability of facilities.</p> <p>Help with preparations of the booked facilities according to the request of the clients.</p> <p>Conduct general maintenance and cleaning activities of the infrastructure and facilities.</p> <p>Transporting tables and chairs between community halls when required.</p>					
Programme Objectives							
<p>To provide people friendly service to our community in a less cost effective manner.</p> <p>To extend the accessibility of our facilities to the rest of our community.</p> <p>Promoting our facilities to the benefit of the local economy.</p>							
Challenges							
<p>Limited funds available for the upgrading of Community Facilities.</p> <p>Upgrading of the Madiba Banqueting Hall</p>							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Community Centres personnel: - Managers - Senior Management - Middle Management - Clerical - Other	3 16	1,732,123	1,956,666			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
<p>Promote and extend the accessibility of our facilities to the community.</p> <p>Upgrading of the existing facilities</p>							

FUNCTIONAL SERVICE DELIVERY REPORTING

INFRASTRUCTURE ADMINISTRATION

	DETAIL	TOTAL		
Overview:	To provide an effective and efficient administration of the department and deliver sound engineering services.	Budget R	Actual R	
Activity:	The function of Administration Infrastructure within the municipality is administered as follows:	Revenue Expenditure	-0 5,970,449	-89,530 5,635,096
		Ensure compliance with legislation and policies at local, provincial and national levels. Execute and implement resolutions of Council. Compile and manage the budget of the department. Manage personnel of the department and provide for training and development.		
		Programme Objectives Lead, direct and manage staff and fulfill Batho Pele principles. Monitor operating and capital budget. Maintain infrastructure assets. Adhere to all national regulations and policies.		
		Challenges Manage and maintain infrastructure assets. (Roads, sewer, plants and equipment)		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration Infrastructure personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 4 5 2	2,885,892	2,624,589
	Capital		Budget	Actual
	Projects		10,200	10,187
	Key Performance Indicators			
	Compliance with national regulations, policies and acts. Efficient administration within the department.			

SEWERAGE				
DETAIL		TOTAL		
Overview:	Includes provision of sewerage services not including infrastructure and water purification, also includes toilet facilities		Budget R	Actual R
Activity:	The sewerage functions of the municipality are administered as follows:	Revenue Expenditure	-28,968,058 13,456,534	-30,431,190 13,353,999
		Purification of sewers. Blockage removal - private. Main sewer blockage removals. New sewerage connections. Maintenance of sewerage network.		
		Programme Objectives		
		To provide sewerage to all residents at affordable tariffs. To provide alternative sewerage facilities to households where no services exist. To maintain the existing sewerage network.		
		Challenges		
		Maintenance of the sewer treatment plant.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Sewerage personnel: - Managers - Senior Management - Middle Management - Clerical - Other	4 46	4,818,467	5,152,465
	Capital		Budget	Actual
	Projects		42,878,238	13,738,066
	Key Performance Indicators			
	Optimise the sustainability of sewer services. Manage and maintain the sewer treatment plant.			

STORMWATER				
	DETAIL	TOTAL		
Overview:	Construction and maintenance of stormwater network in the district of Potchefstroom.		Budget R	Actual R
Activity:	The function of Stormwater within the municipality is administered as follows:	Revenue Expenditure	-0 552,210	-0 723,742
	Provision of new and replacement of broken stormwater pipes. Cleaning of blocked stormwater pipes.			
	Programme Objectives			
	To maintain and manage the stormwater network.			
	Challenges			
	Insufficient funding for capital projects.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Stormwater personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A	0	0
	Capital		Budget	Actual
	Projects		2,852,289	1,886,593
	Key Performance Indicators			
	Manage and maintain the stormwater infrastructure.			

WATER RETICULATION				
	DETAIL	TOTAL		
Overview:	The Municipality is responsible for the bulk purchase and distribution of water in the demarcated area of Potchefstroom.		Budget R	Actual R
Activity:	The water purchase and distribution functions of the municipality are administered as follows:	Revenue Expenditure	-50,253,027 19,347,706	-51,543,121 20,706,739
Water purchase and distribution is administered within in the municipality. Water connections and testing of water meters regarding water leaks and water flow interruptions. To operate and maintain the water purification plant. To build a distribution network to provide water to all consumers.				
Programme Objectives				
To create a culture of water conservation to all consumers. To optimise the rate of sustainable water service delivery and to minimise water losses. To provide each household with free basic water.				
Challenges				
Effective maintenance of water purification plant and distribution network to minimise the cost price of water. Insufficient funds to expand distribution network.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Water Reticulation personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2 5 45	6,977,949	7,073,577
Capital				
Projects				
Key Performance Indicators				
To purify raw water for human consumption. To provide new water connections. To repair and maintain water meters.				

ROADS				
DETAIL		TOTAL		
Overview:	Construction and maintenance of quality roads for the inhabitants of Potchefstroom.		Budget R	Actual R
Activity:	The road maintenance and construction responsibilities of the municipality are administered as follows:	Revenue Expenditure	-414,000 16,480,888	-7,171 14,560,681
	Construction of new tarred, paved and gravel roads. Maintenance of existing tarred. Paved and gravel roads.			
	Programme Objectives To provide and maintain quality roads for the people of Potchefstroom.			
	Challenges Insufficient funds for maintenance of roads. Shortage of personnel and equipment			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Roads personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 5 5 45	7,073,006	6,030,650
	Capital		Budget	Actual
	Projects		17,189,969	12,057,569
	Key Performance Indicators Maintenance of tarred, paved and gravel roads. Building of new roads.			

STREET LIGHTING							
	DETAIL	TOTAL					
Overview:	To provide and maintain a street lighting network in Potchefstroom.	Budget R	Actual R				
Activity:	Street lighting responsibilities of the municipality are administered as follows:	Revenue Expenditure	0 3,371,782	0 3,050,429			
		Replace lamps and clean diffusers and bowls. Replace circuit breaker and wiring. Repair street light control and feeder cables. Replace redundant luminaries.					
Programme Objectives							
To have a well lit city.							
Challenges							
Shortage of manpower.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Street Lighting personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A	1,000	980			
	Capital	Budget		Actual			
	Projects	0		0			
	Key Performance Indicators						
	Extension and maintenance of street lights.						

ELECTRICITY DISTRIBUTION					
DETAIL		TOTAL			
Overview:	Plan, construct and maintain an integrated network system which supplies electricity to the consumers in Potchefstroom and rural areas.		Budget R	Actual R	
Activity:	The electricity purchase and distribution functions of the municipality are administered as follows:	Revenue Expenditure	-212,849,346 149,020,783	-212,083,835 147,521,743	
		Purchasing of bulk electricity from Escom. Designing of high and low voltage electrical networks. Perform electrical upgrading and construction. Install new electrical connections. Maintenance of existing electrical infrastructure. Administer and supervise electrical contractors. Installing, testing and maintaining electrical meters and equipment. Record data for electrical measurement on the network.			
Programme Objectives					
Manage the planning, construction and maintenance of an integrated electrical system supplying current to the consumers. Implement a demand managing system. Implement alternative energy sources					
Challenges					
Insufficient funds to maintain electrical assets. Shortage of staff.					
Analysis of the Function:	Personnel Cost	Number	Budget	Actual	
	Number and cost to employer of all Electricity Distribution personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2 6 66	10,835,823	10,876,832	
	Capital		Budget	Actual	
	Projects		64,010,200	41,284,260	
	Key Performance Indicators				
	Purchasing of bulk electricity. Implement a demand management system. Manage energy and electricity supply complaints. Install pre-paid meters for indigent and other households. Manage and maintain electrical network system.				

SUPPORT FUNCTIONS							
DETAIL		TOTAL					
Overview:	Management and maintenance of Council's vehicle fleet.		Budget R	Actual R			
Activity:	The function of the Mechanical Workshop within the municipality is administered as follows:	Revenue Expenditure	-0 3,479,694	-0 3,430,906			
Vehicles maintenance and control. Replacement of outdated vehicles.							
Programme Objectives							
To achieve and maintain an efficient vehicle fleet.							
Challenges							
Insufficient funds for fleet management. Replacement policy to be implemented							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Mechanical Workshop personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 20	3,294,878	3,085,277			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
	Manage and maintain Council vehicles.						

FUNCTIONAL SERVICE DELIVERY REPORTING

COMMUNITY SERVICES ADMINISTRATION

	DETAIL	TOTAL		
Overview:	To provide an effective and efficient administration of the Department Community Services.	Budget R	Actual R	
Activity:	The function of Administration Community Services within the municipality is administered as follows:	Revenue Expenditure	-0 4,545,617	-3,900 4,825,729
Monitor and control the budget. Prepare and submit reports. Implement strategic plans. Manage all Human Resource functions within the Department.				
Programme Objectives Manage operating and capital budget. To provide Council with information to make informed decisions on the Functions of Community Services. Adhere to all council policies and procedures. Lead, direct and manage staff within the department.				
Challenges Devolution of Environmental Health Services to the District Municipality. Serious shortage of staff. Lack of capital funds for infrastructure				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
Personnel Cost Number and cost to employer of all Administration Social Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2 1 5 4	2,860,526	3,266,890	
Capital		Budget	Actual	
Projects		10,200	10,187	
Key Performance Indicators				
Lead, direct and manage Human Resources. Monitor and control budget. Implement strategic plans and submit reports.				

LIBRARY SERVICES							
DETAIL		TOTAL					
Overview:	To deliver a comprehensive Library and information service to the community of Potchefstroom.		Budget R	Actual R			
Activity:	The function of Library Services within the municipality is administered as follows:	Revenue Expenditure	-57,837 6,760,569	-146,960 6,000,609			
		<p>Rendering a library and information service to the community.</p> <p>Select, purchase supplement and maintain a comprehensive collection of library and reference material</p> <p>Catalogue, classify and prepare new acquisitions for community usage.</p> <p>Supply up to date information on a wide spectrum of subjects through books and technology.</p> <p>Provide and maintain a circulation system to enable users to borrow and return books</p> <p>To provide a photocopy service to all library users</p> <p>To provide internet access service to all library users</p> <p>Provide and maintain Information Technology to the Main and Branch libraries.</p> <p>To present educational and recreational programmes for toddlers, pre-school, school children and students.</p>					
Programme Objectives							
<p>To extent current library services to be accessible to all the communities.</p> <p>To select and acquire library material to address the needs of all cultures.</p> <p>To appoint and train personnel to become knowledgeable and informative workers.</p>							
Challenges							
<p>Shortage of experienced personnel.</p> <p>Lack of funds for a better mobile service delivery to the elderly of Potchefstroom.</p> <p>Insufficient funds to purchase new library and informational material</p>							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Library Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other		5,949,998	5,292,468			
	1	1					
	22	22					
	18	18					
	Capital		Budget	Actual			
	Projects		2,800,281	583,091			
	Key Performance Indicators						
	<p>Rendering a library and information service to all the communities in Potchefstroom.</p> <p>Maintain, upgrade and extend library facilities</p> <p>Develop and extend the book collection through replacement and supplementing</p> <p>Rendering and maintaining a circulation service system</p> <p>Marketing of Library Services</p>						

CEMETERIES							
DETAIL		TOTAL					
Overview:	To provide graves, maintenance and future planning for burial requirements of Potchefstroom community.		Budget R	Actual R			
Activity:	The function of Cemeteries within the municipality is administered as follows	Revenue Expenditure	-675,600 2,495,353	-699,927 2,423,823			
		<p>Administers bookings with regard to burials, graves selling/reservation and erection of tombstones.</p> <p>Ensure preparation of graves is done according to the list of available bookings.</p> <p>Assisting the public and undertakers with a service regarding funerals according to by-laws and creating a place remembrance for the relatives.</p> <p>Provides horticultural support concerning the landscape and ground maintenance of the facilities.</p> <p>Preserve burial records and statistics information for all cemeteries in Potchefstroom.</p>					
Programme Objectives							
Provide a dignified space of the rest for the dead and uphold good memories of those still alive based on Batho Pele principles.							
Challenges							
Upgrading and Maintenance of cemeteries in accordance to the needs of the community. Expansion of the cemetery.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Cemeteries personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 20	1,863,370	1,839,250			
Capital		Budget		Actual			
Projects		0		0			
Key Performance Indicators							
Providing of graves for the community General maintenance of cemeteries							

PARKS AND RECREATION							
DETAIL		TOTAL					
Overview:	Establishment, development and general maintenance of Parks, Gardens, town lands, pavements, street trees and Bird Sanctuary.		Budget R	Actual R			
Activity:	The function of Parks within the municipality is administered as follows	Revenue Expenditure	-193,300 18,205,488	- 497,264 18,535,478			
		Planting of trees according to available resources and programme approved by council. Development and Maintenance of parks including playground equipment and fences. Rendering grass-cutting activities in all council grounds. New installation and maintenance of irrigation system. Attending to complain from public that requires horticultural intervention tasks. Raking of leaves during winter months to ensure neat street and pavements Application of herbicides to control weeds. Performs general cleaning of pavements and street gutters around Potchefstroom. Removal of garden refuses along at various parks, gardens and pavements. Packing of plant decoration for various events and function.					
Programme Objectives							
Clean, beautify and green the city							
Challenges							
Preparations and cleaning during festivals like Aardklop and Spring festival were conducted smoothly. Shortage of personnel and overtime implication is still causing huge challenge. Lack of Capital funds to replace old vehicle fleet. Successful hosting of District Municipality Arbour week event. WED (World Environmental Day) event successfully hosted. Packing of plant decorations for various events and functions Launch of Adopt a Park concept during World Environmental Day.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Parks personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2 11 125	13,669,939	14,353,353			
	Capital		Budget	Actual			
	Projects		722,499	722,499			
	Key Performance Indicators						
	Maintenance of parks and council gardens. Upkeep of open terrains. (Mayoral cleaning project boosted our normal cleaning programmes.) Planting of trees (Urban greening project)						

SPORTS							
DETAIL		TOTAL					
Overview:	Establishing, upgrading and general maintenance of recreational facilities.		Budget R	Actual R			
Activity:	The function of Sports within the municipality is administered as follows	Revenue Expenditure	-95,210 5,924,249	- 69,948 6,295,619			
		Supplying the public with recreational activities according to their needs. Building, maintenance and upgrading of existing facilities. Handles all sport events bookings from public. Preparation of pitches for matches, meetings and practices. Performs general maintenance of the grounds and infrastructure.					
Programme Objectives							
To creates an environment favourable for world class sport through facilities. To extend the accessibility of sport facilities to the rest of community.							
Challenges							
Insufficient funds for maintenance of all stadiums and other sport facilities							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Sports personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 26	3,072,561	3,457,277			
Capital			Budget	Actual			
Projects			1,027,932	0			
Key Performance Indicators							
Maintenance of sport facilities.							

CULTURE PROMOTION				
	DETAIL	TOTAL		
Overview:	To promote arts and culture and to render educational and information services to a broad spectrum of target groups in the Greater Potchefstroom.	Budget R	Actual R	
Activity:	<p>The function of the Section Culture Promotion within the municipality is administered as follows:</p> <p>To empower artists, crafters and the general public through skills development programmes.</p> <p>To organise arts and cultural exhibitions and activities in the museums in order to promote the development of arts and culture.</p> <p>To render educational and recreational services in the form of syllable focused programmes for learners, courses, workshops, exhibitions, guided tours, demonstrations, lectures and holiday programmes.</p> <p>To deliver an information service of a historical nature to the general public, researchers and especially scholars.</p> <p>To participate in cultural exchange programmes on a national level (Aardklop) and international level. (e.g. exchange programme with Kalmar, Museum, Sweden)</p> <p>To establish, maintain and expand a museum collection that is representative of the cultures and achievements of all the inhabitants of Potchefstroom.</p> <p>To promote tourism by marketing the four museums and other culturally significant attractions in Potchefstroom and its environs.</p>	Revenue Expenditure	-260 2,497,767	-260 2,560,093
Programme Objectives				
<p>Promote arts and culture by developing the artistic and cultural potential of all our people.</p> <p>Render educational and information services to a broad spectrum of target groups.</p> <p>Promote tourism by actively marketing the museums and other culturally significant attractions.</p>				
Challenges				
<p>Serious shortage of experienced staff.</p> <p>Insufficient funds to upgrade museums and exhibitions.</p> <p>International exchange programmes in cooperation with Sweden.</p> <p>Implementation of Arts and crafts skills development programmes to the general public.</p>				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	<p>Number and cost to employer of all Culture Promotion personnel:</p> <ul style="list-style-type: none"> - Managers - Senior Management - Middle Management - Clerical - Other 	1 6 7	1,995,427	2,084,810
Capital			Budget	Actual
Projects			0	0
Key Performance Indicators				
<p>Expanding, preserving and documenting museum collection.</p> <p>Promote arts and culture. (Exhibitions and skills development)</p> <p>Rendering educational and information services to broad spectrum of target groups</p>				

RESORTS				
DETAIL		TOTAL		
Overview:	To provide guests with affordable accommodation and to cater for day visitors.		Budget R	Actual R
Activity:	The function of Resorts within the municipality is administered as follows:	Revenue Expenditure	- 2,804,520 3,790,541	- 2,113,546 4,280,089
	Promote the resort for caravanning and good value accommodation. Upgrade and maintain the chalets. Separate the facilities for day visitors, chalet visitors and cravenness. Clear the dam of weeds which will provide better fishing and boating facilities.			
	Programme Objectives			
	To develop the resort to satisfy national standards.			
	Challenges			
	Insufficient funds for maintenance.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Resorts personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 22	2,578,016	3,017,722
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	To achieve the goals within a limited budget. To maintain the resort to satisfy national standards. Sound management of the resort.			

AIRPORT							
	DETAIL	TOTAL					
Overview:	Supplying a base from which a flying club, parachute academy, sailplane and flying instructors can operate.	Budget R	Actual R				
Activity:	The function of Airport within the municipality is administered as follows	Revenue Expenditure	- 9,129 59,264	-14,984 53,890			
		Taking responsibility for the safety of the Airport in compliance with the regulation stipulated by Civil Aviation Providing a safe landing strip for aviation purposes Provides general maintenance of the facilities and horticultural support where necessary					
Programme Objectives							
Providing airport facilities that will attract more tourists and enhance business opportunity in Potchefstroom							
Challenges							
Lack of capital funds for infrastructure							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Airport personnel: - Managers - Senior Management - Middle Management - Clerical - Other		515	0			
	Capital		Budget	Actual			
	Projects		0	0			
Key Performance Indicators							
Upgrading and maintenance of the Airport (furthering of the improvement of the Airport lighting)							

ENVIRONMENTAL MANAGEMENT							
DETAIL		TOTAL					
Overview:	Implementation of sustainable environmental management systems, to ensure sustainable development principles and approaches to prevent an environment that is harmful to the health and well being of residents.		Budget R	Actual R			
Activity:	The function of Environmental Management is administered as follows:	Revenue Expenditure	-0 1,929,444	-0 1,585,982			
		Prepared and implemented an appropriate Environmental Management System The revision of environmental investigations and reports and doing site visits for developments Compilation of draft environmental regulations and policies for proclamation. Provide environmentally sustainable project (Eco Circle Project and CCP project) Enforce Environmental Impact Assessment Regulations Implementation of Local Agenda 21					
Programme Objectives							
Prevent pollution Enhance sustainable development principles and approaches Reduction of global warming The saving of money and natural resources by implementing green building principles Joint ventures with international organisations to save the earth The improvement of the health, income and living conditions of the poor majority							
Challenges							
Implement Local Agenda 21 principles/projects and Run Environmental Awareness/Education. Adoption of Environmental policies. Provide poor households with eco-circles. State of the Environment Report.							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Environmental Management personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 1 2	943,897	740,053			
	Capital		Budget	Actual			
	Projects		0	0			
	Key Performance Indicators						
	Implement Local Agenda 21 projects Environmental policies Provide poor households with Eco-Circles State of Environmental Report Run Environmental Awareness/Education.						

WASTE MANAGEMENT: REFUSE REMOVAL							
DETAIL		TOTAL					
Overview:	Rendering of a sustainable domestic refuse removal system in the residential areas of Potchefstroom and includes refuse removal, solid waste disposal, landfill and recycling.		Budget R	Actual R			
Activity:	The refuse collection functions of the municipality are administered as follows:	Revenue Expenditure	-14,139,576 15,097,600	-15,396,446 12,723,121			
		Refuse Removal render services to all types of consumers Waste is managed at the landfill site and the mini dumping site					
Programme Objectives							
To establish and maintain a sustainable Refuse Removal service To implement an equitable and sustainable Waste Management service To reduce waste to landfill site through separation and recycling							
Challenges							
Community involvement through continuous education on waste management Removal of domestic refuse at households and other institutions Insufficient funding to replace vehicles							
Analysis of the Function:	Personnel Cost	Number	Budget	Actual			
	Number and cost to employer of all Refuse Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 1 62	6,201,926	6,051,446			
Capital		Budget		Actual			
Projects		2,432,950		2,134,166			
Key Performance Area							
Removal of domestic refuse at households with dustbins twice a week Removal of domestic refuses once a week that is collected by volunteers at identified central points where no established refuse removal services exist. Daily Service delivery and removal of refuse at the existing mini dumping site for garden refuse Removal of refuse at industrial and business twice a week. Daily removal of refuses at public institutions and food premises. Feasibility Study and Implementation of a equal Waste Management System in Potchefstroom							

WASTE MANAGEMENT: STREET CLEANSING					
	DETAIL	TOTAL			
Overview:	To establish clean street refuse containers and clean swept streets in the Central Business Area to ensure a clean and Healthy environment to the community of Potchefstroom.		Budget R	Actual R	
Activity:	The Cleaning Services functions of the municipality are administered as follows;	Revenue Expenditure	-0 4,091,305	-0 3,826,794	
	Daily (Monday to Saturday) removal of refuse from street litterbins in the C B A Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday. These services extend to include the Business Area, but do not take account of the rest of the municipal area or the plots and farms which resides within the jurisdiction of the Health and Environment Department of the City Council and Provincial Government.				
	Programme Objectives Sweeping of streets within the C B A of Potchefstroom daily from Monday to Sunday. Daily (Monday to Saturday) removal of refuse from the 1,950 street litter-bins in the Central business Area of Potchefstroom.				
	Challenges Daily (Monday to Sunday) sweeping of streets within the Central Business Area of Potchefstroom Daily (Monday to Saturday) removal of refuse from street litterbins in the Central business Area of Potchefstroom.				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual	
	Number and cost to employer of all Cleaning Services personnel: - Managers - Senior Management - Middle Management - Clerical - Other	37	3,159,305	3,161,469	
	Capital		Budget	Actual	
	Projects		0	0	
	Key Performance Indicators Daily removal of refuse from street litterbins Sweeping of streets within the Central Business Area				

ENVIRONMENTAL HEALTH				
	DETAIL	TOTAL		
Overview:	This service is rendered by Department of Health		Budget R	Actual R
Activity:	The function of Environmental Health within the municipality is administered as follows	Revenue Expenditure	-0 3,701,045	-3,222,328 3,248,875
Programme Objectives				
Challenges				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Environmental Health personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 7 9	2,976,814	2,631,183
Capital			Budget	Actual
Projects			0	0
Key Performance Indicators				

PRIMARY HEALTH CARE SERVICES				
DETAIL		TOTAL		
Overview:	This service is rendered by Department of Health		Budget R	Actual R
Activity:		Revenue Expenditure	-2,862,831 3,069,876	-0 2,351,643
	Programme Objectives			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Primary Health Services (Clinics) personnel: - Managers - Senior Management - Middle Management - Clerical - Other	2 7 12	2,956,954	2,179,835
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			

FUNCTIONAL SERVICE DELIVERY REPORTING

HOUSING ADMINISTRATION

	DETAIL	TOTAL		
Overview:	This function has to address the housing needs of the community through provision of houses, stands and rental housing.	Budget R	Actual R	
Activity:	The function of the Administration of Housing is administered as follows:	Revenue Expenditure	-0 2,725,466	-0 3,444,136
Identifying housing projects. Application for approval of projects. Implementation of projects. Allocation of sold stands. Interviews with beneficiaries. Developing title deeds. Submission of title deeds. Implementation of by-laws				
Programme Objectives				
Give priority to the provision of housing. Provide support to the community. Consult meaningfully. Check compliance				
Challenges				
To expedite housing projects. To expedite the transfer of property in terms of upgrading of Property Right Act To prevent illegal occupation of land and houses				
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Administration of Housing personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 7 3	2,543,789	3,254,074
Capital		Budget	Actual	
Projects		10,200	10,187	
Key Performance Indicators				
Provision of housing through developer driven individual subsidies.				

PROPERTY TRANSFERS				
DETAIL		TOTAL		
Overview:	To ensure security of tenure as a community empowerment		Budget R	Actual R
Activity:	The function of Property Transfers within the municipality is administered as follows:	Revenue Expenditure	-480,000 2,735,547	-557,964 2,815,006
	To ensure that beneficiaries claim their properties The rightfull people are occupying the properties That properties are not sold illegally			
	Programme Objectives To formalise the previous Municipal properties in the name of the occupants			
	Challenges Beneficiaries are not claiming their properties Deceased estates are not finalised Rightfull owners are not occupying the houses			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Land Use Control personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 2	973,079	1,286,704
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators Issuing of title deeds to owners of properties			

MAINTAIN COUNCIL PROPERTY				
DETAIL		TOTAL		
Overview:	To maintain council's houses, hostels and old age homes.		Budget R	Actual R
Activity:	The function of Maintenance of Council Property within the municipality is administered as follows:	Revenue Expenditure	-576,972 678,488	-891,609 891,606
	Collection of rent. Maintenance and cleaning of Council property. To adhere to responsibilities as a landlord and to educate tenants.			
	Programme Objectives Maintain council's housing property			
	Challenges Maintenance of the units.			
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Maintenance of Council Property personnel: - Managers - Senior Management - Middle Management - Clerical - Other	N/A N/A N/A N/A N/A	0	0
	Capital Projects		Budget	Actual
	0		0	0
	Key Performance Indicators Maintaining council's houses, hostels and old age homes			

LAND USE MANAGEMENT				
	DETAIL	TOTAL		
Overview:	To ensure that the Potchefstroom municipality is effectively, efficiently and spatially integrated and developed.		Budget R	Actual R
Activity:	The function of Land Use Management within the municipality is administered as follows:	Revenue Expenditure	-828,400 3,790,324	-650,793 3,158,067
		Manage land use and building activities: Processing of land use applications and building plans. Implementing town planning scheme and national building regulations. Provision of Council stands for development: Township establishment. Develop and implement a comprehensive city planning strategy. Develop and implement a comprehensive land use management system. Formulation and implementation of land use policies for development. Market and give advise to developers on potential development.		
		Programme Objectives Management of vacant and developed land. Develop a comprehensive land use policy and development framework. Effective controlling and management of all building activities.		
		Challenges The most important issue is to provide enough stands for housing and other urban facilities concentrating on low cost housing to ensure a proper living environment and maximum freedom of choice. Shortage of staff to manage workload.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Land Use Control personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 4 8 2	3,667,692	2,918,839
	Capital		Budget	Actual
	Projects		0	0
	Key Performance Indicators			
	Management of land use in the Greater Potchefstroom Area. Controlling of building activities in the Greater Potchefstroom Area.			

FUNCTIONAL SERVICE DELIVERY REPORTING

ECONOMIC DEVELOPMENT (Planning and Development)

	DETAIL	TOTAL		
Overview:	Local Economic Development has planned, developed, promoted and regulated the building of a well co-ordinated, diversified and sustainable economy for Potchefstroom.	Budget R	Actual R	
Activity:	The function of Economic Planning / Development within the municipality is administered as follows:	Revenue Expenditure	-254,000 2,830,472	-209,288 3,018,756
		Small, Medium and Micro Enterprises Development (SMME) CBD and Industrial Development Economic Community Based Project Development Tourism Development		
		Programme Objectives Promote Potchefstroom as a tourism destination and a place to host events. Develop and implement a comprehensive and integrated inward investment and trade promotion strategy. Retain and increase existing business investments. Empower small business entrepreneurs.		
		Challenges Limitation of budget: Community Projects.		
Analysis of the Function:	Personnel Cost	Number	Budget	Actual
	Number and cost to employer of all Economic Development personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 3 2 1	2,089,818	2,311,952
	Capital		Budget	Actual
	Projects		976,239	891,315
	Key Performance Indicators			
Publish and market LED brochure annually. Business plans, Registrations, Capacity building Support community based projects Tourism capacity building.				

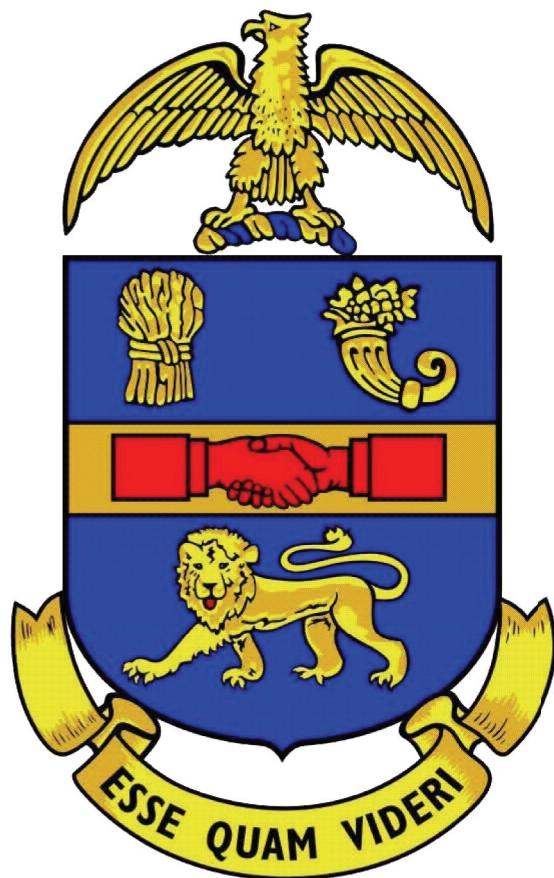
FUNCTIONAL SERVICE DELIVERY REPORTING

OFFICE OF THE WHIP ADMINISTRATION

DETAIL		TOTAL			
Overview:	To administer the political office of the Whip	Budget R	Actual R		
Activity:	The function of the Administration of Office of the Whip within the municipality is administered as follows:	Revenue Expenditure 0 1,029,544	0 1,076,544		
Arrange meetings for Councillors Host guests of other political parties Smooth running of the Administration office Community consultation via this office					
Programme Objectives					
Assist the political party in it's mandate to the community					
Challenges					
Capital funding for the renovation of offices					
Analysis of the Function:	Personnel Cost	Number	Budget		
	Number and cost to employer of all Office of the Whip personnel: - Managers - Senior Management - Middle Management - Clerical - Other	1 1 1	969,030 993,046		
	Capital		Budget		
	Projects	0	0		
	Key Performance Indicators				
	To manage and oversee all the Councillors To implement the mandate of the ruling party				

TLOKWE CITY COUNCIL

CHAPTER 5



**AUDITED
STATEMENTS AND
RELATED FINANCIAL
INFORMATION**

**REPORT OF THE AUDITOR-GENERAL TO THE NORTH WEST PROVINCIAL LEGISLATURE
AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND PERFORMANCE
INFORMATION OF THE TLOKWE CITY COUNCIL FOR THE YEAR ENDED 30 JUNE 2009**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Tlokwe City Council which comprise the statement of financial position as at 30 June 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 110 to 174.

The accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance the Statements of Generally Recognised Accounting Practice (Statements of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters described in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. Paragraph 11 *et seq.* of the Statement of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Tlokwe City Council in this respect will be limited to reporting on non-compliance with this disclosure requirement.

Basis for disclaimer of opinion

Corresponding figures

5. In the previous financial year, I was unable to obtain sufficient appropriate audit evidence to determine the existence, rights and obligations, completeness and valuation and allocation of assets of R388 849 260, liabilities of R13 456 373 and accumulated funds and reserves of R334 336 958 as disclosed in the financial statements. My opinion on the financial statements for the period ended 30 June 2008 was modified accordingly. My opinion on the current period financial statements is also modified because of the possible effect of these matters on the comparability of the current period figures and the corresponding figures.

Property, plant and equipment

6. The existence, rights and obligations, completeness and valuation and allocation of property, plant and equipment of R353 939 107 presented in the statement of financial position was not confirmed. The asset register did not comply with paragraphs 38, 39, 53, 61, 71 and 73 of the Standard of Generally Recognised Accounting Practice, GRAP 17 *Property, plant and equipment* in terms of the unbundling of assets. I was unable to practicably quantify the misstatements and

could not perform alternative procedures due to a lack of sufficient appropriate supporting documentation which will only be available on completion of the unbundling exercise.

Provisions

7. The basis of calculation used to determine the provision for rehabilitation of refuse landfill-site of R2 509 404 as disclosed in note 17 to the financial statements was not provided by management. The valuation, completeness and allocation of the provision were not confirmed. No alternative procedures could be performed due to scope limitation to quantify the possible effects on the financial statements.

Accumulated surplus

8. I did not obtain all the information and sufficient appropriate audit evidence I consider necessary to determine the valuation and allocation of the accumulated surplus of R386 084 416 as disclosed in the statement of changes in net assets, due to the following.
9. The following transactions as disclosed in the statement of changes in net assets are all related to reserve accounting which is not in line with the Standards of Generally Recognised Accounting Practice, GRAP 1: *Presentation of financial statements*.

Transfer to Capital Replacement Reserve	52 250 968
Property, Plant and Equipment purchased	54 820
Donated / Contributed PPE	524 497
Grants utilised to obtain PPE	25 061 681
Contribution to Insurance Reserve	1 479 100
Insurance claims processed	(899 015)
Offsetting of Depreciation	(31 937 815)

10. The net amount of R11 847 244 disclosed as "Net gains/(losses) not recognised in the Statement of Financial Performance" in the statement of changes in net asset differs with R25 641 825 from the net amount of R37 489 068 as per the corresponding general ledger account. Management did not provide sufficient appropriate audit evidence for transactions of R5 854 186 included in this net amount of R37 489 068.
11. The abovementioned net amount of R37 489 068 as per the general ledger account include debits of R6 075 266 and credits of R7 051 007 which should have been accounted in the Statement of Financial Performance as per the Standards of Generally Recognised Accounting Practice, GRAP 1: *Presentation of financial statements*, resulting in "Net gains/(losses) not recognised in the Statement of Financial Performance" being overstated and the surplus for the year in the Statement of Financial Performance being understated by R975 741.

Receivables

12. Management did not appropriately consider the impairment of consumer debtors based on objective evidence as per paragraph 58 and 59 of IAS 39 (AC 133): *Financial instruments: Recognition and measurement*, due to their calculation effectively only impairing debtors older than 180 days by an average percentage whilst the normal expectation is for user accounts to be paid within 30 days. As the municipality's records did not permit the application of alternative audit procedures, I was unable to reliably determine the valuation and allocation and completeness of the provision for impairment of R72 637 190 disclosed in note 3 to the financial statements.
13. The South African Statement of Generally Accepted Accounting Practise, IAS39 *Financial instruments: Recognition and measurement* requires that the subsequent measurement of financial assets (loans and receivables) of an entity be measured at amortised cost using the effective interest method. As disclosed in note 3 to the financial statements, included in consumer debtors of R175 374 496, is an account "Arrangements" of R10 871 972 for debtors who were granted extended payment terms. These debtors' accounts were not measured using the effective interest method. Had these debtors been measured using an interest rate

of prime interest rate plus 4.5% (the rate the municipality use for arrears debt) the consumer debtors and the net surplus for the year would have decreased by R5 980 788.

Government grants and subsidies

14. The amounts disclosed as current year receipts (R26 233 314) and conditions met (expenditure of R24 712 715) for conditional grants in notes 24.1 to 24.22 is incorrect. By way of alternative procedures I determined these actual amounts to be current year receipts of R44 108 835 and conditions met (expenditure) of R46 062 122.
15. GAMAP 9: *Revenue* determines that a conditional grant is only recognised as revenue when there is compliance with the conditions attached to it. The municipality however did not recognise any revenue for these conditional grants, resulting in government grants and subsidies received in the Statement of Financial Performance being understated by the actual conditional grant expenditure of R46 062 122 as reported above.

Unauthorised, irregular and fruitless and wasteful expenditure

16. In the previous financial year, unauthorised expenditure of R6 671 662 was not disclosed in the financial statements. My opinion on the financial statements for the period ended 30 June 2008 was modified accordingly. My opinion on the current period financial statements is also modified because of the possible effect of these matters on the comparability of the current period figures and the corresponding figures.
17. Contrary to section 125(2)(d) of the MFMA, the municipality did not disclose particulars of the following unauthorised and irregular expenditure in the notes to the financial statements.
18. Unauthorised expenditure of R8 473 418 regarding the overspending of the budgeted amounts in the following departments:
 - Budget and Treasury Office overspent with R476 103.
 - Office of the Executive Mayor overspent with R7 809 034.
 - Local Economic Development overspent with R188 281.
19. Contrary to MFMA Circular No. 29 dated 31 January 2006, bids were awarded to contractors by using predetermined cost estimates as a threshold in the final evaluation process. The total of R24 428 794 regarding these contracts is regarded as irregular expenditure.
20. Regulation 12 of the supply chain management regulations requires that written quotations be obtained for all procurement of goods and services between R10 000 and R200 000 and for all procurement above R200 000 a competitive bidding process should be followed. These practices were not followed in expenditure incurred amounting to R6 841 156 which is regarded as irregular expenditure.

Cash flow statement

21. The information and reconciliation to support the following disclosures in the cash flow statement was not provided by management:
 - Accumulated surplus of R33 967 565, included in cash flows from financing activities.
 - Non cash flow items of R11 185 562 included in the calculation of cash generated from operations of R33 156 582.
 - Non cash flow items of R25 952 309 recognised in the statement of financial performance not included in the calculation of cash generated from operations of R33 156 582.

The municipality's records did not permit the application of alternative procedures. Consequently I was unable to satisfy myself as to the accuracy, completeness and presentation and disclosure of the cash flow statement.

Disclaimer of opinion

22. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Other matters

I draw attention to the following matters that relates to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

23. The municipality provided supplementary information in the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 Presentation of Financial Statements. The supplementary budget information set out on pages 175 to 185 does not form part of the financial statements and is presented as additional information. Accordingly I do not express an opinion thereon.

Non-compliance with applicable legislation

24. Municipal Finance Management Act, 2003 (Act 56 of 2003)

- Contrary to section 32, the accounting officer did not manage unauthorised expenditure as prescribed.
- Contrary to section 54(1)(f), the Mayor did not timeously submit a mid year budget and performance assessment report to council.
- Contrary to section 64(3), 78 organs of state debtors were identified with outstanding debt of 30 days and older to the amount of R3 228 246 as at 30 June 2009.
- Contrary to section 65(2)(e), creditors were not paid within 30 days.

25. Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000)

- Contrary to section 104, the municipality did not have a fraud prevention plan.
- Contrary to paragraph 12A of schedule 1, two councillors had consumer accounts outstanding for longer than 90 days as disclosed in note 30.6 to the financial statements.

Governance framework

26. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the internal control deficiencies and key governance responsibilities addressed below.

Internal control deficiencies

27. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the deficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. (The number listed per component can be followed with the legend below the table.) In some instances deficiencies exist in more than one internal control component.

Par. no.	Basis for disclaimer of opinion	CE	RA	CA	IC	M
5	Corresponding figures	5				
6	Property, plant and equipment	5		4	1	
7	Provisions	5				
8-11	Accumulated surplus	5	2		1	
12-13	Receivables	5	5	4		
14-15	Government grants and subsidies	5	2			
16-20	Unauthorised, irregular and fruitless and wasteful	5		6		

	expenditure					
21	Cash flow statement	5	2			

28. The abovementioned audit findings are mainly due to a lack of action plans to address recurring audit findings, the inability of the accounting division to ensure compliance with the accounting standards and a lack of effective document management to support the disclosures in the financial statements.

Legend	
CE = Control environment	
The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting.	1
Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting.	2
Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel.	3
Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting.	4
The accounting officer does not exercise oversight responsibility over financial reporting and internal control.	5
Management's philosophy and operating style do not promote effective control over financial reporting.	6
The entity does not have individuals competent in financial reporting and related matters.	7
RA = Risk assessment	
Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting.	1
The entity does not identify risks to the achievement of financial reporting objectives.	2
The entity does not analyse the likelihood and impact of the risks identified.	3
The entity does not determine a risk strategy/action plan to manage identified risks.	4
The potential for material misstatement due to fraud is not considered.	5
CA = Control activities	
There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation.	1
General information technology controls have not been designed to maintain the integrity of the information system and the security of the data.	2
Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.	3
Actions are not taken to address risks to the achievement of financial reporting objectives.	4
Control activities are not selected and developed to mitigate risks over financial reporting.	5
Policies and procedures related to financial reporting are not established and communicated.	6
Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system.	7
IC = Information and communication	
Pertinent information is not identified and captured in a form and time frame to support financial reporting.	1
Information required to implement internal control is not available to personnel to enable internal control responsibilities.	2
Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel.	3
M = Monitoring	
Ongoing monitoring and supervision are not undertaken to enable an assessment of the	1

effectiveness of internal control over financial reporting.	
Neither reviews by internal audit or the audit committee nor self -assessments are evident.	2
Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken.	3

Key governance responsibilities

29. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		N
Quality of financial statements and related management information			
2	The financial statements were not subject to any material amendments resulting from the audit.		N
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	Y	
Timeliness of financial statements and management information			
4	The annual financial statements were submitted for auditing as per the legislated deadlines section 126 of the MFMA.		N
Availability of key officials during audit			
5	Key officials were available throughout the audit process.	Y	
Development and compliance with risk management, effective internal control and governance practices			
6	Audit committee		
	The municipality had an audit committee in operation throughout the financial year.	Y	
	The audit committee operates in accordance with approved, written terms of reference.	Y	
	The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		N
7	Internal audit		
	The municipality had an internal audit function in operation throughout the financial year.	Y	
	The internal audit function operates in terms of an approved internal audit plan.		N
	The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.		N
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		N
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		N
10	The information systems were appropriate to facilitate the preparation of the financial statements.		N
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 62(1)(c)(i)of the MFMA.		N
12	Delegations of responsibility are in place, as set out in section 79 of the MFMA.	Y	
Follow-up of audit findings			
13	The prior year audit findings have been substantially addressed.		N
14	SCOPA/Oversight resolutions have been substantially implemented.		N/A
Issues relating to the reporting of performance information			
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		N
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		N

17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Tlokwe City Council against its mandate, predetermined objectives, outputs, indicators and targets section 68 of the MFMA.	Y	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		N

30. The main root causes for not achieving these key governance responsibilities are mainly due to a lack of effective leadership and supervision by the administrative leadership and audit committee to monitor the financial management and internal audit functions.

Investigations

31. An investigation by an independent consulting firm was conducted on request of the council on certain allegations regarding the previous Municipal Manager. The investigation was still ongoing at the reporting date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

32. I was engaged to review the performance information.

The accounting officer's responsibility for the performance information

33. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of section 46 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

34. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.

35. In terms of the foregoing my engagement included performing procedures to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

36. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Performance information not received in time

37. An assessment could not be performed of the reliability of the reported performance information, as set out on pages 14 to 27 of the annual report, since the information was not received in time for audit purposes.

Existence and functioning of a performance audit committee

38. The municipality did not appoint or budget for a performance audit committee, nor was another audit committee utilised as the performance audit committee, as required by regulation 14(2) of the Municipal Planning and Performance Management Regulations, 2001.

Internal auditing of performance measurements

39. The municipality did not develop and implement mechanisms, systems and processes for auditing the results of performance measurement as part of its internal audit processes, as required by section 45 of the MSA.

Lack of adoption or implementation of a performance management system

40. The municipality did not adopt a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players, as required in terms of regulations 7 and 8 of the Municipal Planning and Performance Management Regulations, 2001.

APPRECIATION

41. The assistance rendered by the staff of the Tlokwe City Council during the audit is sincerely appreciated.

Auditor-General

Rustenburg

25/01/2010



Auditing to build public confidence

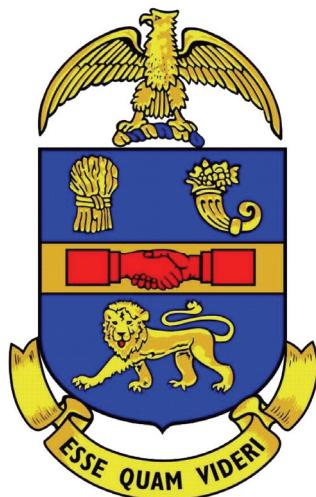
TLOKWE CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS 30 JUNE 2009

INDEX

	<u>Page</u>
1 Approval of Financial Statements	103
2 Chief Financial Officers Report	105
3 Statement of Financial Position	112
4 Statement of Financial Performance	113
5 Statement of Changes in Net Assets	114
6 Cashflow Statement	115
7 Accounting Policies	116
8 Notes to the Annual Financial Statements	148
9 Appendix A	175
10 Appendixes B	176
11 Appendix C	178
12 Appendix D	179
13 Appendixes E	182
14 Appendix F	184
15 Appendix G	185

TLOKWE CITY COUNCIL

(NW 402)



ANNUAL FINANCIAL STATEMENTS

**for the year ended
30 June 2009**

I am responsible for the presentation of these annual financial statements, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 39 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


B G MOUMAKWE
ACCOUNTING OFFICER

11-09-2009
DATE

TLOKWE CITY COUNCIL
Parameters to be completed for Current Year

Name of Authority	TLOKWE CITY COUNCIL
Financial Year-end	30 JUNE 2009
End of Next Year	30 June 2010
End of Current Year	30 June 2009
End of Previous Year	30 June 2008
End of Base Year	30 June 2007
Current Year	2009
Previous Year	2008
Base Year	2007
Next Financial Year	2009/2010
Current Financial Year	2008/2009
Previous Financial Year	2007/2008
Comparative Financial Year	2008/09 / 2007/08
Start of Current Year	01 July 2008
Start of Previous Year	01 July 2007

TLOKWE CITY COUNCIL
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2009

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Tlokwe City Council for the financial year ended 30 June 2009.

The Economic Ression also placed a challenge on the Council due to the Public finding it more difficult to pay for services rendered. The outstanding debtors book increased by 17% as a result of this. Therefore despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

Financial Statement Ratios:

INDICATOR	2009	2008
Surplus / (Deficit) before Appropriations	32,704,660	58,950,848
Surplus / (Deficit) at the end of the Year	386,084,415	319,412,190
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	33.23%	34.75%
Remuneration of Councillors	2.12%	2.48%
Depreciation and Amortisation	5.13%	5.45%
Impairment Losses	4.60%	0.53%
Repairs and Maintenance	7.44%	7.55%
Interest Paid	1.33%	0.84%
Bulk Purchases	27.85%	22.76%
Contracted Services	5.49%	0.45%
Grants and Subsidies Paid	2.51%	3.87%
General Expenses	11.12%	18.27%
Current Ratio:		
Creditors Days	56	34
Debtors Days	98	99

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2009 are as follows:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	127,441,627	195,707,457	(34.88)%	-	-
Operating income for the year	494,138,587	439,890,830	12.33%	462,649,622	6.81%
Appropriations for the year	(89,969,900)	(6,639,312)	1255.11%	-	-
	531,610,314	628,958,975	(15.48)%	462,649,622	14.91%
Expenditure:					
Operating expenditure for the year	461,433,926	380,939,982	21.13%	462,640,939	(0.26)%
Sundry transfers	70,176,387	127,441,627	(44.93)%	8,683	-
Closing surplus / (deficit)	531,610,314			462,649,622	14.91%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	181,782,881	154,510,693	17.65%	156,445,615	16.20%
Expenditure	(264,189,383)	(225,568,291)	17.12%	(249,593,327)	5.85%
Surplus / (Deficit)	(82,406,501)	(71,057,598)	15.97%	(93,147,712)	-
Surplus / (Deficit) as % of total income	(45.33)%	(45.99)%		(59.54)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	-	(400)	(100.00)%	-	-
Expenditure	(3,444,136)	(2,587,648)	33.10%	(2,728,466)	26.23%
Surplus / (Deficit)	3,444,136	2,587,248	33.12%	2,728,466	-
Surplus / (Deficit) as % of total income		(646811.94)%			

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	45,911,149	40,238,891	14.10%	43,104,634	6.51%
Expenditure	(40,797,564)	(40,048,240)	1.87%	(42,058,490)	(3.00)%
Surplus / (Deficit)	5,113,585	190,651	2582.18%	1,046,144	-
Surplus / (Deficit) as % of total income	11.14%	0.47%		2.43%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R121 811 082 (2007/2008: R81 588 441). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	212,083,833	161,913,872	30.99%	212,849,346	(0.36)%
Expenditure	(150,572,173)	(110,262,253)	36.56%	(152,897,412)	(1.52)%
Surplus / (Deficit)	61,511,660	51,651,619	19.09%	59,951,934	-
Surplus / (Deficit) as % of total income	29.00%	31.90%		28.17%	

3.5 Water Services:

Water is bought in bulk from the Department of Water Affairs and Forestry and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R6 691 356 (2007/2008: R3 520 529). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Percentage Variance %	Budgeted 2008/2009 R	Variance actual/ budgeted %
Income	51,537,106	47,250,472	9.07%	50,250,027	2.56%
Expenditure	(20,706,613)	(16,852,856)	22.87%	(20,688,141)	0.09%
Surplus / (Deficit)	30,830,493	30,397,616	1.42%	29,561,886	-
Surplus / (Deficit) as % of total income	59.82%	64.33%		58.83%	
	14,211,287	45,181,312		(132,035)	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R83 713 298 (2007/2008: R72 270 233). Full details of Property, Plant and Equipment are disclosed in Note 6 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R83 713 298 was financed from Accumulated Surplus.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2009	2008
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	8,683	(15,173)
Revenue variances	31,488,965	38,894,035
Expenditure variances:		
Employee Related Costs	5,579,312	2,576,531
Remuneration of Councillors	216,381	(779,908)
Collection Costs	-	-
Depreciation and Amortisation	(1,858,068)	690,525
Impairment Losses	(15,212,321)	-
Repairs and Maintenance	3,715,146	903,987
Interest Paid	8,565,247	(27)
Bulk Purchases	1,064,906	17,883,066
Contracted Services	(18,276)	(309,312)
Grants and Subsidies Paid	(345,372)	(157,553)
General Expenses	245,668	(735,323)
Loss on disposal of Property, Plant and Equipment	(745,611)	-
Actual surplus before appropriations	32,704,660	58,950,848

DETAILS	2009	2008
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	8,683	(15,173)
Executive and Council	(1,222,733)	571,510
Finance and Administration	19,483,372	17,216,572
Planning and Development	(224,484)	624,993
Health	1,310,149	936,595
Community and Social Services	569,927	632,295
Housing	(715,670)	385,884
Public Safety	7,239,859	1,890,307
Sport and Recreation	(186,204)	(554,993)
Environmental Protection	(2,632,125)	236,956
Waste Management	4,067,441	2,327,122
Roads and Transport	3,637,271	39,700
Water	1,268,607	14,534,712
Electricity	1,559,726	112,790
Inter-departmental Charges	(4,034,030)	-
Actual surplus before appropriations	30,129,788	38,939,270
	(2,574,872)	(20,011,577)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2008/2009 R	Actual 2007/2008 R	Variance actual 2008/09 / 2007/08 R	Budgeted 2008/2009 R	Variance actual/ budgeted R
Executive and Council	242,524	3,543,277	(3,300,753)	6,242,525	(6,000,001)
Finance and Administration	3,663,129	2,118,230	1,544,899	3,690,979	(27,850)
Planning and Development	1,103,555	70,938	1,032,617	1,189,239	(85,684)
Health	-	-	-	-	-
Community and Social Services	593,279	877,856	(284,577)	2,810,481	(2,217,202)
Housing	10,187	-	10,187	10,200	(13)
Public Safety	10,187	1,788,670	(1,778,483)	10,200	(13)
Sport and Recreation	722,498	98,019	624,479	1,750,431	(1,027,933)
Environmental Protection	-	-	-	-	-
Waste Management	18,464,813	32,590,539	(14,125,726)	48,173,677	(29,708,864)
Roads and Transport	12,052,985	6,377,143	5,675,842	17,189,969	(5,136,984)
Water	5,565,879	-	5,565,879	5,400,264	165,615
Electricity	41,284,260	24,805,561	16,478,699	64,010,200	(22,725,940)
	83,713,298	72,270,233	11,443,065	150,478,165	(66,764,867)
					(886,849)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2009 amounted to R394 543 925 (30 June 2008: R405 851 469) and is made up as follows:

Capital Replacement Reserve	88,757
Capitalisation Reserve	203,407,428
Donations and Public Contributions Reserve	2,846,170
Government Grants Reserve	104,911,949
Self Insurance Reserve	4,467,611
Accumulated Surplus	<u>70,362,500</u>
	<u>386,084,415</u>

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to Note 19 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2009 was R21 822 726 (30 June 2008: R23 078 395).

Refer to Note 15 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2009 was R71 867 489 (30 June 2008: RNil).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded. No liability was raised in 2007/2008 as the actuarial valuations was not done before and was only performed this financial year.

Refer to Note 16 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R10 336 546 as at 30 June 2009 (30 June 2008: R2 886 453) and is made up as follows:

Provision for Long-term Service	7,827,142
Provision for Rehabilitation of Land-fill Sites	2,509,404
	<u>10,336,546</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 17 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R110 725 796 as at 30 June 2009 (30 June 2008: R85 416 149) and is made up as follows:

Consumer Deposits	Note 11	9,232,843
Provisions	Note 12	4,665,580
Creditors	Note 13	70,887,293
Unspent Conditional Grants and Receipts	Note 14	24,690,248
Current Portion of Long-term Liabilities	Note 15	<u>1,249,832</u>
		<u>110,725,796</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R353 939 107 as at 30 June 2009 (30 June 2008: R295 283 005).

Refer to Note 6 and Appendices "B, C and E (2)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R1 388 013 as at 30 June 2009 (30 June 2008: RNil).

These assets consists of a valuation roll. This assets was purchased in 2007/2008 and was classified as Property, Plant and Equipment. This year it is restated as Intangible Assets.

Refer to Note 7 for more detail.

13. INVESTMENT PROPERTIES

The municipality held Investment Properties to the value of R8 963 000 as at 30 June 2009 (30 June 2008: RNil).

During the 2008/2009 financial year land and properties were identified for future re-sale. This exercise was not performed in the previous financial years.

Refer to Note 8 for more detail.

14. NON CURRENT INVESTMENTS

The municipality held Investments to the value of R37 956 287 as at 30 June 2009 (30 June 2008: R36 444 155).

The Investments are of a long term nature and mainly consists of Fixed Deposits and earn interest variable from 9.42% - 15.27%.

Refer to Note 9 for more detail.

15. LONG-TERM RECEIVABLES

Long-term Receivables of R5 575 204 at 30 June 2009 (30 June 2008: R6 167 554) is made up as follows:

Officials: Car Loans	2,860
Sale of Erven	98,619
Capitalised Arrear Services	<u>5,476,585</u>
	5,578,064
Less: Short-term portion included in Current Assets	<u>2,860</u>
	<u>5,575,204</u>

Refer to Note 10 for more detail.

16. CURRENT ASSETS

Current Assets amounted R227 569 482 as at 30 June 2009 (30 June 2008: R186 319 367) and is made up as follows:

Inventory	Note 2	22,639,841
Consumer Debtors	Note 3	102,737,306
Other Debtors	Note 4	2,484,231
Bank Balances and Cash	Note 5	77,049,087
Current Portion of Long-term Debtors	Note 10	<u>2,860</u>
		<u>204,913,324</u>

Refer to the indicated Notes for more detail.

17. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Appendix "F" for more detail.

18. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 40.

19. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.



CHIEF FINANCIAL OFFICER

8 September 2009

TLOKWE CITY COUNCIL
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Note	2009 R	2008 R
ASSETS			
Current Assets		204,913,324	186,319,371
Inventory	2	22,639,841	14,040,509
Consumer Debtors	3	102,737,306	87,285,090
Other Debtors	4	2,484,231	3,356,627
Bank, Cash and Cash Equivalents	5	77,049,087	81,250,650
Current Portion of Long-term Receivables	10	2,860	386,495
Non-Current Assets		407,821,612	337,894,710
Property, Plant and Equipment	6	353,939,107	295,283,001
Intangible Assets	7	1,388,013	-
Investment Property	8	8,963,000	-
Non-current Investments	9	37,956,287	36,444,155
Long-term Receivables	10	5,575,204	6,167,554
Total Assets		612,734,936	524,214,082
LIABILITIES			
Current Liabilities		110,725,796	89,727,029
Consumer Deposits	11	9,232,843	8,703,246
Provisions	12	4,665,580	4,310,880
Creditors	13	70,887,293	35,355,764
Unspent Conditional Grants and Receipts	14	24,690,248	23,434,039
Current Portion of Long-term Liabilities	15	1,249,832	17,923,100
Non-Current Liabilities		104,026,760	105,914,418
Long-term Liabilities	15	21,822,726	23,078,395
Retirement Benefit Liabilities	16	71,867,489	72,822,724
Non-current Provisions	17	10,336,546	10,013,299
Total Liabilities		214,752,556	195,641,447
NET ASSETS		397,982,380	328,572,635
Statutory Funds	18	11,897,965	9,160,445
Accumulated Surplus / (Deficit)	19	386,084,415	319,412,190
Total Net Assets and Liabilities		612,734,936	524,214,081

TLOKWE CITY COUNCIL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009						
Budget			Actual			
2008	2009		Note	2009	2008	
R	R			R	R	
REVENUE						
66,114,125	68,985,326	Property Rates	20	72,763,076	65,817,482	
253,360,795	304,984,147	Service Charges	22	309,589,707	255,823,176	
5,010,901	3,792,244	Rental of Facilities and Equipment	23	3,925,464	5,004,889	
8,339,435	20,994,000	Interest Earned - External Investments	21	14,183,441	13,608,163	
12,588,000	-	Interest Earned - Outstanding Debtors	21	18,664,108	14,825,494	
6,200,000	6,000,065	Fines		12,579,722	4,185,993	
5,016,910	2,241,730	Licences and Permits		3,506,915	6,943,455	
-	250,000	Income for Agency Services		203,088	-	
36,002,500	44,442,000	Government Grants and Subsidies Received	24	44,604,470	68,651,318	
8,364,129	11,042,110	Other Income	25	14,118,453	5,030,860	
(82,000)	Revenue Foregone		143	-	-	
400,996,795	462,649,622	Total Revenue		494,138,587	439,890,830	
EXPENDITURE						
134,946,775	158,927,553	Employee Related Costs	26	153,348,241	132,370,244	
8,655,892	9,997,318	Remuneration of Councillors	27	9,780,937	9,435,800	
21,441,267	21,818,135	Depreciation and Amortisation	28	23,676,203	20,750,742	
2,000,000	6,000,000	Impairment Losses	29	21,212,321	2,000,000	
29,657,161	38,038,125	Repairs and Maintenance		34,322,979	28,753,174	
3,190,000	14,685,651	Finance Costs	30	6,120,404	3,190,027	
104,575,549	129,567,344	Bulk Purchases	31	128,502,438	86,692,483	
1,396,577	25,300,022	Contracted Services		25,318,298	1,705,889	
14,571,645	11,254,710	Grants and Subsidies Paid	32	11,600,082	14,729,198	
68,869,655	51,578,990	General Expenses	33	51,333,322	69,604,978	
-	(4,779,641)	Internal Charges		(4,034,030)	-	
11,707,447	252,732	Contributions to / (transfers from) provisions		252,732	11,707,447	
401,011,968	462,640,939	Total Expenditure		461,433,926	380,939,982	
(15,173)	8,683	SURPLUS / (DEFICIT) FOR THE YEAR		32,704,660	58,950,848	

Refer to Appendix E(1) for explanation of budget variances

TLOKWE CITY COUNCIL
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Description	Housing Development Fund	Total for Accumulated Surplus/(Deficit) Account	Total
2008	R	R	R
Balance at 30 June 2007	9,906,473	293,595,727	303,502,200
Restated Balance	9,906,473	293,595,727	303,502,200
Surplus / (Deficit) for the year	-	58,966,395	58,966,395
Correction of Error (Note 34)	-	(77,018,088)	(77,018,088)
Transfer to Housing Development Fund	(767,564)	-	(767,564)
Transfer to CRR	-	29,349,461	29,349,461
Grants utilised to obtain PPE	-	38,157,417	38,157,417
Interest received	21,536	-	21,536
Previous year payments	-	(6,639,312)	(6,639,312)
Offsetting of Depreciation	-	(16,999,410)	(16,999,410)
Balance at 30 June 2008	9,160,445	319,412,190	328,572,635
2009	-		
Restated Balance	9,160,445	319,412,190	328,572,635
Surplus / (Deficit) for the year	-	32,704,660	32,704,660
Net gains / (losses) not recognised in the Statement of Financial Performance	-	(11,847,244)	(11,847,244)
Transfer to Housing Development Fund	2,737,520	(719,426)	2,018,094
Transfer to CRR	-	52,250,968	52,250,968
Property, Plant and Equipment purchased	-	54,820	54,820
Donated / Contributed PPE	-	524,497	524,497
Grants utilised to obtain PPE	-	25,061,681	25,061,681
Contribution to Insurance Reserve	-	1,479,100	1,479,100
Insurance claims processed	-	(899,015)	(899,015)
Offsetting of Depreciation	-	(31,937,815)	(31,937,815)
Balance at 30 June 2009	11,897,965	386,084,416	397,982,381

Details on the movement of the Funds and Reserves are set out in Notes 18 & 19.

TLOKWE CITY COUNCIL
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 R	2008 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		480,814,976	395,164,153
Cash paid to Suppliers and Employees		(447,658,394)	(399,527,650)
Cash generated from / (utilised in) Operations	35	33,156,582	(4,363,497)
Interest received	21	32,847,549	28,433,657
Interest paid	30	(6,120,404)	(3,190,027)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		59,883,728	20,880,133
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	6	(82,325,285)	(72,270,233)
(Increase) / decrease in Non-current Investments	9	(1,512,132)	(2,208,403)
(Increase) / decrease in Long-term Receivables	10	975,985	694,812
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(82,861,433)	(73,783,824)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans Repaid	15	(17,928,938)	15,282,735
Net Movement in Statutory Funds		2,737,520	(746,028)
Net Movement in Accumulated Surplus	19	33,967,565	43,868,156
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		18,776,147	58,404,863
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	5	(4,201,564)	5,501,171
Cash and Cash Equivalents at the beginning of the year		81,250,650	75,749,479
Cash and Cash Equivalents at the end of the year		77,049,087	81,250,650

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with the Accounting Standards as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008, and also in terms of the standards and principles contained in Directives 3 and 5 issued by the ASB in March 2009.

The Accounting Framework of the municipality, based on the preceding paragraphs, is therefore as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changing in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
GAMAP 9	Paragraphs relating to Revenue from Non-exchange Transactions
IPSAS 20	Related Party Disclosures
IPSAS 21	Impairment of Non Cash-generating Assets
IFRS 3	Business Combinations
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an Arrangement contains a Lease

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.1 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the year ended 30 June 2009 the municipality has adopted the accounting framework as set out above. The details of any resulting changes in accounting policy and comparative restatements are given in Note 34 to the Annual Financial Statements.

The municipality changes an Accounting Policy only if the change:

- (a) Is required by a Standard of GRAP; or
- (b) Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

1.2 Critical Judgements, Estimations and Assumptions

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1.2.1 Revenue Recognition

Accounting Policy clause 9.2 on *Revenue from Exchange Transactions* and Accounting Policy clause 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GAMAP 9 (*Revenue*) as far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.2.2 Financial Assets and Liabilities

The classification of Financial Assets and Liabilities, into categories, is based on judgement by management.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.2.3 Impairment of Financial Assets

Accounting Policy clause 5.4 on *Impairment of Financial Assets* describes the process followed to determine the value with which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*. The management of the municipality is satisfied that impairment of financial assets recorded during the year is appropriate. Details of the impairment loss calculation are provided in Note 3 to the Annual Financial Statements.

1.2.4 Useful lives of Property, Plant and Equipment

As described in Accounting Policy clause 2.3 and 3.2 the municipality depreciates its property, plant and equipment and Intangible Assets over the estimated useful lives of the assets, which is determined when the assets are brought into use. The useful lives of the assets are based on industry knowledge.

1.2.5 Defined Benefit Plan Liabilities

As described in Accounting Policy clause 12.3, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 12 and 16 to the Annual Financial Statements.

1.3 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a going concern basis.

1.5 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GAMAP, GRAP or GAAP.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

1. BASIS OF PRESENTATION (continued)

1.6 Standards, Amendments to Standards and Interpretations issued but not yet Effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ GRAP 18 Segment Reporting - issued March 2005
- ◆ GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- ◆ GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- ◆ GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

- ◆ IAS 19 Employee Benefits - effective 1 January 2009
- ◆ IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- ◆ IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 Initial Recognition

Property, Plant and Equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, Plant and Equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

2.2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, except for Infrastructure Assets, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

2.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation only commences when the asset is available for use, unless stated otherwise.

The depreciation rates are based on the following estimated useful lives:

Asset Class	Years	Asset Class	Years
Infrastructure		Other	
Roads and Paving	15 – 30	Buildings	30
Car Parks, Bus Terminals and Taxi Ranks	20	Motor Vehicles	3 – 7
Electricity	20 – 30	Abattoirs	30
Water	15 – 20	Office Equipment	3 – 7
Sewerage	15 – 20	Furniture and Fittings	7 – 10
Housing	30	Airports	20
Landfill Sites	15	Security Measures	3 – 5
Community		Plant and Equipment	2 – 15
Improvements	30	Other Plant and Equipment	3 – 7
Recreational Facilities	20 – 30	Markets	30
Museums and Art Galleries	30		

2.4 Land

Land is stated at historical cost and is not depreciated as it is regarded as having an infinite life.

2.5 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

2.6 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the municipality or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

2.7 Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to uncertainty regarding to their estimated useful lives.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.8 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the Asset Management Policy.

2.9 Derecognition of Property, Plant and Equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the proceeds from sales. Proceeds are included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

2.10 Impairment

2.10.1 Impairment of Cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.10.2 Impairment of Non-cash Generating Assets

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a non-cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- ◆ To the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2.10 *Impairment (continued)*

2.10.2 Impairment of Non-cash Generating Assets (continued)

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

2.11 *Transitional Arrangements*

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007.

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36 / AC128, as this requirement has been exempted in terms of General Notice 522 of 2007.

3. INTANGIBLE ASSETS

3.1 *Initial Recognition*

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as Intangible Assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

3. INTANGIBLE ASSETS (continued)

- ◆ It is technically feasible to complete the intangible asset so that it will be available for use;
- ◆ Management intends to complete the intangible asset and use or sell it;
- ◆ There is an ability to use or sell the intangible asset;
- ◆ It can be demonstrated how the intangible asset will generate probable future economic benefits;
- ◆ Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- ◆ The expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with IPSAS 21 / IAS 36.

Intangible Assets are initially recognised at cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is acquired. Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

3.2 Subsequent Measurement, Amortisation and Impairment

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes obtained by the municipality give the municipality access to land for specific purposes for an unlimited period – however, such intangible assets are subject to an annual impairment test.

Intangible Assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

3. INTANGIBLE ASSETS (continued)

The estimated useful life and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

3.3 Derecognition

Intangible Assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3.4 Transitional Provisions

Costs incurred on intangible assets (other than on computer software) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

4. INVESTMENT PROPERTY

4.1 Initial Recognition

Investment Property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- ◆ All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

4. INVESTMENT PROPERTY (continued)

- ◆ Land held for a currently undetermined future use (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- ◆ A building owned by the municipality (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on behalf of the municipality); and
- ◆ A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-current Assets Held-for-Sale, as appropriate:

- ◆ Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- ◆ Property being constructed or developed on behalf of third parties;
- ◆ Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- ◆ Property that is being constructed or developed for future use as investment property;
- ◆ Property that is leased to another entity under a finance lease;
- ◆ Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- ◆ Property held for strategic purposes or service delivery.

4.2 Subsequent Measurement

Investment Property is carried at fair value, representing open market value determined annually by valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from the change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

4. INVESTMENT PROPERTY (continued)

4.3 Transitional Provisions

Investment Properties were not recognised in the previous financial year as required by IAS 40 as these requirements were exempted in terms of General Notice 522 of 2007.

Investment properties are recognised, and subsequently measured in accordance with the cost model, in terms of GRAP 16 and have been disclosed for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 5.

5. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

5.1 Financial Assets – Classification

A financial asset is any asset that is a cash or contractual right to receive cash. The municipality may have the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Listed Investments (Shares)
- ◆ Unlisted Investments (Local Authority Stock)
- ◆ Investments in Fixed Deposits (Banking Institutions, etc)
- ◆ Long-term Receivables
- ◆ Consumer Debtors
- ◆ Other Debtors
- ◆ Bank, Cash and Cash Equivalents

In accordance with IAS 39.09 the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments – Stock	Held at fair value through profit or loss
Bank, Cash and Cash Equivalents	Available for sale
Bank, Cash and Cash Equivalents – Call Deposits	Available for sale
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held to maturity
Bank, Cash and Cash Equivalents – Notice Deposits	Held to maturity

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- ◆ They are classified as held for trading; or

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

- ◆ Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available-for-sale investments are financial assets that are designated as available for sale or are not classified as:

- ◆ Loans and Receivables;
- ◆ Held-to-Maturity Investments; or
- ◆ Financial Assets at fair value through the Statement of Financial Performance.

5.1 Financial Assets (continued)

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and Receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). Cash Equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, which are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash-on-hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as Financial Assets: Available for Sale.

5.2 Financial Liabilities – Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality may have the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- ◆ Long-term Liabilities
- ◆ Creditors
- ◆ Bank Overdraft
- ◆ Short-term loans
- ◆ Current Portion of Long-term Liabilities
- ◆ Consumer Deposits

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

5. FINANCIAL INSTRUMENTS (continued)

There are two main categories of *Financial Liabilities*, the classification based on how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Not at fair value through profit or loss ('other financial liabilities')

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as *Other Financial Liabilities* and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the *Financial Liabilities* of the municipality are all classified as "Other Financial Liabilities".

5.3 Initial and Subsequent Measurement

5.3.1 Financial Assets:

Held-to-maturity Investments and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

5.3.2 Financial Liabilities:

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the Effective Interest Rate Method.

5.4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.4 Impairment of Financial Assets (continued)

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of Available-for-Sale equity securities, impairment losses previously recognised through profit or loss are not reversed through the Statement of Financial performance. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the Effective Interest Rate Method less a provision for impairment.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

5. FINANCIAL INSTRUMENTS (continued)

5.5 Derecognition of Financial Assets

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

5.6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

5.7 Transitional Provisions

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of the new IAS 32 and IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Financial Assets and Liabilities and the information relating thereto are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of the new version of IAS 32 and IFRS 7 and GRAP 3.

Financial Instruments were initially measured at cost and not at fair value in the previous financial year as required by IAS 39.43, AG 64, AG 65, AG 79 and SAICA Circular 9 as this requirement was exempted in terms of General Notice 522 of 2007. Financial instruments are now initially measured at fair value for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 39.43, IAS 39 AG.64, IAS 39 AG.65, IAS 39 AG.79, SAICA Circular 9 and GRAP 3.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

6. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

It is the policy of the municipality to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date.

Risks and exposure are disclosed as follows:

Credit Risk

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

Liquidity Risk

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 37 to the Annual Financial Statements.

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of the old version of IAS 32 in the previous financial year and not in accordance with the requirements of IFRS 7 as these requirements were exempted in terms of General Notice 522 of 2007. Risk management of Financial Assets and Liabilities are presented and disclosed for the financial year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IFRS 7 and GRAP 3.

7. INVENTORIES

7.1 Initial Recognition

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

7. INVENTORIES (continued)

7.1 Initial Recognition (continued)

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

7.2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water and purified affluent are valued at purified cost insofar as it is stored and controlled in reservoirs and distribution network at year-end.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arise. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

7. INVENTORIES (continued)

7.3 Transitional Provisions

The recognition of immovable capital assets that meet the definition and recognition criteria of inventory, as inventories in accordance with the requirements of GAMAP 12 were exempted in the previous financial year in terms of General Notice 522 of 2007. Immovable capital assets that meet the definition and recognition criteria of inventory are recognised as inventories for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 12 and ASB Directive 3.

8. NON-CURRENT ASSETS HELD-FOR-SALE

8.1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

8.2 Subsequent Measurement

Non-current Assets and Disposal Groups classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in surplus or deficit.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

9. REVENUErecognition

9.1 General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

9.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

9.2.1 Service Charges

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year end when estimates of consumption up to year end are recorded as revenue without it being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

9. REVENUErecognition (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.2 Finance Income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

9.2.3 Rentals Received

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

9.2.4 Dividends

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

9.2.5 Royalties

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis, are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

9.2.6 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant advertised tariff. This includes the issuing of licences and permits.

9.2.7 Revenue from Agency Services

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

9. REVENUErecognition (continued)

9.2 Revenue from Exchange Transactions (continued)

9.2.8 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- ◆ The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- ◆ The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- ◆ The amount of revenue can be measured reliably.
- ◆ It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- ◆ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

9.3 Revenue from Non-exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

9.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

9.3.2 Other Donations and Contributions

Donations and Contributions are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

9. REVENUErecognition (continued)

9.3 Revenue from Non-exchange Transactions (continued)

9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

9.4 Transitional Provisions

Revenue was initially recognised at cost and not at fair value in the previous financial year as the requirements of GAMAP 9.12 and SAICA circular 09/2006, which states that revenue should be recognised initially at fair value through discounting all future receipts using an imputed rate of return, have been exempted in terms of General Notice 522 of 2007. Revenue is initially recognised at fair value for the year ended 30 June 2009 (and retrospectively, where practicable) by discounting all future receipts using an imputed rate of return in accordance with the requirements of GRAP 9, GRAP 3 SAICA circular 09/2006.

10. GOVERNMENT GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - ◆ The business or part of a business concerned;
 - ◆ The principal locations affected;
 - ◆ The location, function, and approximate number of employees who will be compensated for terminating their services;
 - ◆ The expenditures that will be undertaken; and
 - ◆ When the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

12.1 *Short-term Employee Benefits*

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits which are only recognised when the specific event occurs.

The municipality has opted to treat its provision for leave pay as an accrual.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

12. EMPLOYEE BENEFITS (continued)

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a provision in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

12.2 Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

12.3 Defined Benefit Plans

A **defined benefit plan** is a plan that defines an amount of benefit that an employee will receive on retirement.

12.3.1 Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. The other Medical Aid Funds, with which the Municipality is associated, do not provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "corridor method". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)

12. EMPLOYEE BENEFITS (continued)

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

12.3.2 Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

12.3.3 Exemption regarding defined benefit accounting in previous financial year

Defined benefit accounting in accordance with the requirements of IAS 19, as far as it relates to defined benefit plans accounted for as defined contribution plans and the defined benefit obligation disclosed by narrative information, has been exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality has applied defined benefit accounting to the defined benefit plans for the financial year ended 30 June 2009 in accordance with the requirements of IAS 19.

12.4 Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 38 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

13. LEASES

13.1 *The Municipality as Lessee*

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

13.2 *The Municipality as Lessor*

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental revenue is recognised on a straight-line basis over the term of the relevant lease.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

13. LEASES (continued)

13.3 Transitional Provisions

The recognition of operating lease payments / receipts on a straight-line basis in accordance with the requirements of IAS 17 has been exempted in the previous financial year in terms of General Notice 522 of 2007 (provided that the municipality recognised the lease amounts on the basis of the cash flows in the lease agreement).

14. BORROWING COSTS

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 4.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

15. GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- ◆ Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- ◆ Expect to be repaid in future; or
- ◆ Expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16. VALUE ADDED TAX

The Municipality accounts for Value Added Tax on the cash basis.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

17. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

18. UNAUTHORISED EXPENDITURE

Unauthorised Expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

19. IRREGULAR EXPENDITURE

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

20. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the Council, it is treated as an asset until it is recovered or written off as irrecoverable.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

21. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance. It was accounted for the effect of changes in foreign exchange rates in the previous financial year in accordance with the requirements of GAMAP 4, if applicable. The municipality accounted for the effect of changes in foreign exchange rates, if applicable, for the financial year ending 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of GRAP 4, GRAP 3 and ASB Directive 4.

22. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in Accounting Policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 for details of changes in accounting policies.

The retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality). The municipality applied changes in accounting policies affected by management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in Accounting Estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the Notes to the Annual Financial Statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 34 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

The identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007. The municipality identified and disclosed the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

**TLOKWE CITY COUNCIL
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009 (continued)**

23. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets and Contingent Liabilities are not recognised.

25. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in Note 40 to the Annual Financial Statements.

26. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

27. COMPARATIVE INFORMATION

27.1 *Current year comparatives:*

Budgeted amounts have been included in the Annual Financial Statements for the current financial year only.

27.2 *Prior year comparatives:*

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

1. GENERAL INFORMATION

The Tlokwe City Council is a local government institution in Potchefstroom, North West. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

2. INVENTORY

Consumable Stores - at cost	536,548	390,277
Maintenance Materials - at cost	14,006,973	13,552,422
Spare Parts - at cost	55,224	22,389
Land Held for sale	7,953,800	-
Water - at cost	87,296	75,421
Total Inventory	22,639,841	14,040,509
Reconciliation		
Opening Balance	13,965,088.00	5,233,218.00
Stock received	12,578,963.00	24,619,882.00
Stock issued	-11,945,306.00	-15,888,012.00
Closing Balance	14,598,745.00	13,965,088.00

This reconciliation consists of Consumable stores, Maintenance materials and Spare parts

Water inventory has been restated to adhere to the disclosure provisions for Assets classified as Inventories.
Refer to Note 34 on "Correction of Error" for details of the restatement.

Inventory is net of specific provisions for obsolescence.

There is a reconciling difference of R496 378 To the stock register as at 30 June 2009. This matter will be investigated and corrected in the 2009/2010 financial year.

Land Held for Sale has now been capitalised for the first time in the 2008/2009 financial year. The land has been valued at municipal valuation and is not land purchased.

3. CONSUMER DEBTORS

	Gross Balances	Provision for Impairment	Net Balances
As at 30 JUNE 2009			
Service Debtors:			
Assessment Rates	92,600,818	27,742,790	64,858,028
Electricity	28,137,854	9,402,000	18,735,854
Refuse	30,342,103	1,475,788	28,866,315
Sewerage	7,056,865	4,197,752	2,859,113
Water	8,289,655	4,037,538	4,252,117
Other Debtors	18,774,339	8,629,712	10,144,627
	82,773,678	44,894,400	37,879,278
Total Consumer Debtors	175,374,496	72,637,190	102,737,306
As at 30 June 2008			
Service Debtors:			
Assessment Rates	79,760,943	22,234,395	57,526,548
Electricity	23,304,104	7,535,211	15,768,893
Refuse	25,307,757	1,182,767	24,124,990
Sewerage	6,426,083	3,364,279	3,061,804
Water	7,375,240	3,235,875	4,139,365
Other Debtors	17,347,760	6,916,263	10,431,497
	65,739,053	35,980,512	29,758,541
Total Consumer Debtors	145,499,997	58,214,907	87,285,090

Consumer Debtors are billed monthly, latest end of month. No interest is charged on trade receivables until the 7th of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. A credit control Policy has been approved by Council to ensure the recovery of Consumer Debtors.

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality's Consumer Debtors

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
3.1 Ageing of Consumer Debtors		
Rates: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	3,604,046	4,574,076
61 - 90 Days	1,113,601	1,010,912
+ 91 Days	23,420,208	17,719,116
Total	28,137,855	23,304,104
Electricity: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	15,891,009	14,218,530
61 - 90 Days	845,620	830,804
+ 91 Days	13,605,474	10,258,423
Total	30,342,103	25,307,757
Refuse: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	1,084,440	1,001,172
61 - 90 Days	280,058	259,662
+ 91 Days	5,692,367	5,165,248
Total	7,056,865	6,426,082
Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	1,795,698	1,987,523
61 - 90 Days	376,510	275,706
+ 91 Days	6,117,447	5,112,011
Total	8,289,655	7,375,240
Water: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	2,497,328	3,831,914
61 - 90 Days	750,917	540,965
+ 91 Days	15,526,094	12,974,881
Total	18,774,339	17,347,760
Loan Instalments: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	91,418	172,169
61 - 90 Days	70,827	126,689
+ 91 Days	5,286,500	4,992,104
Total	5,448,745	5,290,962
Other Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	-	-
<u>Past Due:</u>		
31 - 60 Days	7,071,627	4,470,011
61 - 90 Days	2,138,750	2,117,826
+ 91 Days	68,114,556	53,860,250
Total	77,324,933	60,448,087

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

		2009 R	2008 R		
		Industrial/ Commercial	National and Provincial Government	Other	Total
	Household	R	R	R	R
As at 30 June 2009					
<i>Current:</i>					
0 - 30 days		-	-	-	-
<i>Past Due:</i>					
31 - 60 Days	13,423,689	7,059,323	5,243,618	2,492,898	28,219,528
61 - 90 Days	3,031,509	524,043	457,304	1,563,428	5,576,283
+ 90 Days	75,359,224	7,974,291	2,980,904	55,264,266	141,578,685
Sub-total	91,814,422	15,557,657	8,681,826	59,320,592	175,374,496
Less: Provision for Impairment	23,013,379	1,027,628	-	48,596,183	72,637,190
Total Debtors by Customer Classification	68,801,043	14,530,029	8,681,826	10,724,409	102,737,306

As at 30 June 2008

		30 June 2009 R	30 June 2008 R
As at 30 June 2008			
<i>Current:</i>			
0 - 30 days		-	-
<i>Past Due:</i>			
31 - 60 Days	20,296,652	6,494,350	3,481,579
61 - 90 Days	4,640,063	538,535	416,706
+ 90 Days	3,821,819	328,685	284,024
+ 120 Days	96,979,625	5,701,278	2,516,677
Sub-total	125,738,159	13,062,848	6,698,986
Less: Provision for Impairment	50,440,794	5,010,367	2,763,746
Total Debtors by Customer Classification	75,297,365	8,052,481	3,935,240

		30 June 2009 R	30 June 2008 R
3.3 Reconciliation of the Provision for Impairment			
Balance at beginning of year		58,214,907	56,226,417
Impairment Losses recognised		21,212,321	2,002,669
Impairment Losses reversed		-	-
Amounts written off as uncollectable		(7,099,885)	(14,179)
Amounts recovered		309,847	-
Balance at end of year		72,637,190	58,214,907

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

In determining the recoverability of a Consumer Debtor, the municipality considers any change in the credit quality of the Consumer Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

4. OTHER DEBTORS

Payments made in Advance	218,421	26,500
Projects	305,035	-
Sundry Debtors	1,960,775	3,330,127
	2,484,231	3,356,627
Less: Provision for Impairment	-	-
Total Other Debtors	2,484,231	3,356,627

5 BANK, CASH AND CASH EQUIVALENTS

Bank, Cash and Cash Equivalents	5,359,849	23,434,359
Current Investment Deposits	71,689,237	57,816,291
Total Bank, Cash and Cash Equivalents		
	77,049,087	81,250,650

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
For the purposes of the Statement of Financial Position and the Cash Flow Statement, Bank, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.		
5.1 Current Investment Deposits		
Call Deposits	13,053,917	11,788,069
Notice Deposits	58,635,320	46,028,222
Short-term Portion of Investments		
Total Current Investment Deposits	71,689,237	57,816,291

Call Deposits are investments with a maturity period of less than 3 months and earn interest at 7.5% per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 7,75 % to 9,75 % per annum.

The Municipality has the following bank accounts:

5.2 Bank Accounts

Primary Bank Account

ABSA Bank Limited - Potchefstroom Branch - Account number 680000093

Cash book balance at beginning of year	6,713,698	7,806,527
Cash book balance at end of year	<u>(12,825,267)</u>	<u>6,713,698</u>
Bank statement balance at beginning of year	54,650,165	34,387,940
Bank statement balance at end of year	<u>13,823,889</u>	<u>54,650,165</u>

The Cash book balance is indicating an overdraft however the Council do not have an overdraft facility and is reconciled to the Bank Statement Balance

Current Account (Housing Account)

ABSA Bank Limited - Potchefstroom Branch - Account number 405584178

Cash book balance at beginning of year	8,152,409	7,500,623
Cash book balance at end of year	<u>8,901,455</u>	<u>8,152,409</u>
Bank statement balance at beginning of year	8,152,409	7,500,623
Bank statement balance at end of year	<u>8,901,455</u>	<u>8,152,409</u>

Current Account (Council Grant funds)

ABSA Bank Limited - Potchefstroom Branch - Account number 405583287

Cash book balance at beginning of year	8,529,268	7,792,618
Cash book balance at end of year	<u>9,248,035</u>	<u>8,529,268</u>
Bank statement balance at beginning of year	8,529,268	7,792,618
Bank statement balance at end of year	<u>9,248,035</u>	<u>8,529,268</u>

5.3 Cash and Cash equivalents

Cash Floats and Advances	25,192	23,242
Other Cash Equivalents	10,433	15,742
Cash on hand in Cash Floats, Advances and Equivalents	<u>35,626</u>	<u>38,984</u>

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

TLOKWE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value - 30 June 2009

Description	Land and Buildings	Infra- structure	Community	Heritage	Other	Housing Development Fund	Leased Infra- structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2008	34,162,097	195,652,942	16,003,526	2	48,311,803	1,152,635	-	295,283,006
Cost	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,834
- Completed Assets	67,953,407	348,048,366	28,498,250	25,356	102,088,494	1,413,962	-	548,027,834
- Under Construction	-	-	-	-	-	-	-	-
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation & Write-Offs	(33,791,309)	(152,395,424)	(12,494,724)	(25,354)	(53,776,691)	(261,327)	-	(252,744,829)
- Cost	(17,884,480)	(70,442,612)	(7,640,319)	-	(41,104,320)	(261,327)	-	(137,333,056)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)
Acquisitions	945,342	74,350,160	1,167,365	801,938	6,448,493	-	-	83,713,298
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Cost	(1,625,518)	(12,010,331)	(952,139)	-	(9,034,081)	(47,115)	-	(23,669,184)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Intangible Assets:	-	-	-	-	(1,388,013)	-	-	(1,388,013)
- Cost	-	-	-	-	(1,748,800)	-	-	(1,748,800)
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	360,787	-	-	360,787
- Based on Cost	-	-	-	-	360,787	-	-	360,787
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 June 2009	33,481,921	257,992,771	16,218,753	801,940	44,338,202	1,105,520	-	353,939,107
Cost	68,898,749	422,398,526	29,665,615	827,294	106,788,187	1,413,962	-	629,992,332
- Completed Assets	68,898,749	422,398,526	29,665,615	827,294	106,788,187	1,413,962	-	629,992,332
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(35,416,827)	(164,405,755)	(13,446,862)	(25,354)	(62,449,985)	(308,442)	-	(276,053,825)
- Cost	(19,509,998)	(82,452,943)	(8,592,458)	-	(49,777,613)	(308,442)	-	(160,641,454)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	(25,354)	(12,672,371)	-	-	(115,411,771)

TLOKWE CITY COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

6. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value - 30 June 2008

Description	Land and Buildings	Infra- structure	Community	Heritage	Other	Housing Development Fund	Leased Infra- structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 30 June 2007								
Cost	33,234,824	144,832,248	15,573,692	-	47,817,312	1,152,635	-	242,610,711
- Completed Assets	64,045,886	287,063,762	28,050,060	-	92,196,395	1,413,962	-	472,770,065
- Under Construction	64,045,886	287,063,762	28,050,060	-	92,196,395	1,413,962	-	472,770,065
Correction of error (Note 33)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation & Write-Offs	(30,811,062)	(142,231,514)	(12,476,368)	-	(44,379,083)	(261,327)	-	(230,159,354)
- Cost	(14,904,233)	(60,278,702)	(7,621,963)	-	(31,706,712)	(261,327)	-	(114,772,937)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	-	(12,672,371)	-	-	(115,386,417)
Acquisitions	945,342	60,984,604	448,190	-	9,892,097	-	-	72,270,233
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Capital under Construction - Additions	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Increases in Revaluation	-	-	-	-	-	-	-	-
Reversals of Impairment Losses	-	-	-	-	-	-	-	-
Depreciation:	(18,069)	(10,163,910)	(18,356)	-	(9,397,608)	-	-	(19,597,943)
- Based on Cost	(18,069)	(10,163,910)	(18,356)	-	(9,397,608)	-	-	(19,597,943)
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Disposals:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying value of Transfers to Intangible Assets:	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Decreases in Revaluation	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-
Other Movements	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	-
- Revaluation	-	-	-	-	-	-	-	-
- Accumulated Impairment Losses	-	-	-	-	-	-	-	-
- Accumulated Depreciation	-	-	-	-	-	-	-	-
- Based on Cost	-	-	-	-	-	-	-	-
- Based on Revaluation	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	34,162,097	195,652,942	16,003,526	-	48,311,801	1,152,635	-	295,283,001
Cost	64,991,228	348,048,366	28,498,250	-	102,088,492	1,413,962	-	545,040,298
- Completed Assets	64,991,228	348,048,366	28,498,250	-	102,088,492	1,413,962	-	545,040,298
- Under Construction	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-	-	-
Accumulated Depreciation:	(30,829,131)	(152,395,424)	(12,494,724)	-	(53,776,691)	(261,327)	-	(249,757,297)
- Cost	(14,922,302)	(70,442,612)	(7,640,319)	-	(41,104,320)	(261,327)	-	(134,370,880)
- Write-Off	(15,906,829)	(81,952,812)	(4,854,405)	-	(12,672,371)	-	-	(115,386,417)

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
6. PROPERTY, PLANT AND EQUIPMENT (Continued)		
6.1 Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use:		
Land and Buildings	33,481,921	34,162,097
Infrastructure	257,992,771	195,652,942
Community	16,218,753	16,003,526
Heritage	801,940	-
Other	44,338,202	48,311,801
Housing Development Fund	1,105,520	1,152,635
Leased Infrastructure	-	-
Carrying Value of PPE fully depreciated and still in use	353,939,107	295,283,001
6.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal:		
Land and Buildings	-	-
Infrastructure	-	-
Community	-	-
Heritage	-	-
Other	100	-
Housing Development Fund	-	-
Leased Infrastructure	-	-
Carrying Value of PPE retired from active use and held for disposal	100	-
6.3 Assets pledged as security:		
No Assets has been pledged as security		
6.4 Impairment of Property, Plant and Equipment:		
The municipality has not tested its items of Property, Plant and Equipment for any potential impairment losses on assets. Furthermore, no review of the useful lives or depreciation methods applied to items of Property, Plant and Equipment has been performed.		
7 INTANGIBLE ASSETS		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	1,388,013	-
The movement in Intangible Assets is reconciled as follows:		
	Valuation Roll	Total
Carrying values as at 30 June 2009		
Cost		
Accumulated Revaluation		
Accumulated Amortisation		
Accumulated Impairment Losses		
Acquisitions during the Year:		
Purchased	1,748,800	1,748,800
Transfer from Property, Plant and Equipment	1,748,800	1,748,800
Work-in-Progress at Year-end		
Increases in Revaluations during the Year		
Amortisation during the Year:		
Purchased	(360,787)	(360,787)
Transfer from Property, Plant and Equipment	(360,787)	(360,787)
Impairment Losses during the Year		
Disposals during the Year:		
At Cost		
At Accumulated Revaluation		
At Accumulated Amortisation		
At Accumulated Impairment		
Decreases in Revaluations during the Year		
Reversal of Impairment Losses during the Year		
Transfers during the Year:		
At Cost		
At Accumulated Revaluation		
At Accumulated Amortisation		
At Accumulated Impairment		
Carrying values at 30 June 2009	1,388,013	1,388,013
Cost	1,748,800	1,748,800
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	(360,787)	(360,787)

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

7 INTANGIBLE ASSETS (continued)

	Valuation Roll	Total
Carrying values as at 30 June 2008		
Cost	-	-
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year:		
Purchased	-	-
Internally Developed	-	-
Work-in-Progress at Year-end		
Increases in Revaluations during the Year	-	-
Amortisation during the Year:		
Purchased	-	-
Internally Developed	-	-
Impairment Losses during the Year		
Disposals during the Year:		
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
Decreases in Revaluations during the Year		
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:		
At Cost	-	-
At Accumulated Revaluation	-	-
At Accumulated Amortisation	-	-
At Accumulated Impairment	-	-
Carrying values at 30 June 2008		
Cost	-	-
Accumulated Revaluation	-	-
Accumulated Amortisation	-	-
Accumulated Impairment Losses	-	-

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

No Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B(2)" for more detail on Intangible Assets.

8 INVESTMENT PROPERTY

	2009 R	2008 R
At Fair Value	<u>8,963,000</u>	
The movement in Investment Property is reconciled as follows:		
Carrying values at 1 July 2008		
Cost	-	-
Fair Value	-	-
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Capitalised during the Year	-	-
Capitalised	8,963,000	
Depreciation during the Year	-	-
Impairment Losses during the Year	-	-
Disposals during the Year:		
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:		
At Cost	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
8 INVESTMENT PROPERTY (Continued)		
Carrying values at 30 June 2009	8,963,000	-
Cost	-	-
Fair Value	8,963,000	-
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Estimated Fair Value of Investment Property at 30 June 2009	8,963,000	-

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

9. NON-CURRENT INVESTMENTS

Listed		
Listed Shares		1,693,322
Short-term Listed Investments		-
Short-term Unlisted Investments		-
Financial Instruments		
Long-Term Investments	37,956,287	34,750,833
Short-term Investments	-	-
Total Cash Investments	37,956,287	34,750,833
Short-term Financial Instruments		
Total Investments		
All Investments	37,956,287	36,444,155
Less: Short-term Portion transferred to Current Investments		-
	37,956,287	36,444,155

Listed Shares are investments in shares of public companies with no specific maturity dates or interest rates.

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates varying from 9,42 % to 15,27 % per annum.

The management of the municipality is of the opinion that the carrying value of Investments recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Investments was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

The Long-Term Investments consists of the following:

Investec	8,803,556	7,920,331
TA Securities SA Ltd	29,152,731	26,830,502
	37,956,287	34,750,833

10. LONG-TERM RECEIVABLES

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2009			
Car Loans	2,860	-	2,860
Debtors Capitalised Arrear Services	5,476,585	-	5,476,585
Sale of Erven	98,619	-	98,619
	5,578,064	-	5,578,064
Less: Current Portion transferred to Current Receivables:-			
Car Loans			2,860
Debtors Capitalised Arrear Services			2,860
Sale of Erven			-
			-
Total Long-term Receivables			5,575,204

	Gross Balances R	Provision for Impairment R	Net Balances R
As at 30 June 2008			
Car Loans	115,315	-	115,315
Debtors Capitalised Arrear Services	6,355,626	-	6,355,626
Sale of Erven	79,524	-	79,524
Hockey Field Development	3,584	-	3,584
	6,554,049	-	6,554,049
Less: Current Portion transferred to Current Receivables:-			
Car Loans			386,495
Debtors Capitalised Arrear Services			115,315
Sale of Erven			-
			271,180
Total Long-term Receivables			6,167,554

HOUSING LOANS

In terms of the MFMA no Car Loans are granted to officials anymore. The outstanding amount is in respect of loans granted before 01 July 2005 and will continue until all loans have been repaid.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

DEBTORS CAPITALISED ARREAR SERVICES

Arrear amounts on services are capitalised on completion of a formal agreement or upon being handed over to attorneys for collection. These arrear amounts are then paid to the municipality in monthly instalments over a period not exceeding 60 months. No interest is charged on these amounts where the stipulations of the agreement are adhered to.

SALE OF ERVEN

As from 01 January 2006 no loan agreements are entered into for the sale of erven. The outstanding loans will be recovered over the remaining period of the individual loan agreements entered into.

2009	2008
R	R

11. CONSUMER DEPOSITS

Electricity and Water	9,232,843	8,703,246
Total Consumer Deposits	9,232,843	8,703,246
Guarantees held in lieu of Electricity and Water Deposits	2,667,726	2,829,000

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

12. PROVISIONS

Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 16)	3,995,352	3,638,244
Current Portion of Non-Current Provisions (See Note 17):		
Long-term Service	670,228	672,636
Total Provisions	670,228	672,636
	4,665,580	4,310,880

Long-Term Service

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

Post Retirement Medical Aid Benefits Liability

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

Current Portion of Non-Current Provisions:

	Post Retirement Medical Aid Benefits	Long Term Service Awards	Staff	Leave
	R	R	R	R
30 June 2009				
Balance at beginning of year	-	8,800,480	-	-
Contributions to provision	3,995,352	670,228	-	-
Expenditure incurred	-	-	-	-
Balance at end of year	3,995,352	9,470,708	-	-
30 June 2008				
Balance at beginning of year	-	7,126,846	-	-
Contributions to provision	-	1,673,634	-	-
Expenditure incurred	-	-	-	-
Balance at end of year	-	8,800,480	-	-

2009	2008
R	R

13. CREDITORS

Trade Creditors	40,934,123	7,778,464
Payments received in Advance	9,915,864	8,474,738
Sundry Deposits	380,989	321,230
Suspense - Other	10,541,244	11,056,646
Leave Provision	8,978,616	7,724,686
Other Creditors	136,457	-
Total Creditors	70,887,293	35,355,764

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

	2009 R	2008 R
14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
14.1 Conditional Grants from Government		
National Government Grants	22,674,491	22,285,135
Provincial Government Grants	10,961,811	9,570,035
Local Government Grants	9,668,835	8,276,424
Other Spheres of Government	1,082,996	4,438,676
	960,849	-
14.2 Other Conditional Receipts		
Lotto : Sport Facilities	2,015,757	1,148,903
	2,015,757	1,148,903
Total Conditional Grants and Receipts	24,690,248	23,434,039

Refer to Appendix "F" for more detail on Conditional Grants.

15. LONG TERM LIABILITIES

Local Registered Stock	-	8,500,000
Annuity Loans	23,072,557	32,501,495
Sub-total	23,072,557	41,001,495
Less: Current Portion transferred to Current Liabilities:-		
Local Registered Stock	1,249,832	17,923,100
Annuity Loans	1,249,832	8,500,000
Total Long-term Liabilities (Neither past due, nor impaired)	21,822,726	9,423,100

15.1 Summary of Arrangements

Local Registered Stock is repaid over period of 20 (2008: 20) years and at interest rates varying from 16.95% to 17.50% (2008: 16.95% to 17.90%) per annum.

Annuity Loans are repaid over a period of 20 (2008: 20) years and at interest rates varying from 12.47% to 12.66% (2008: 12.47% to 12.66%) per annum.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

16. RETIREMENT BENEFIT LIABILITIES

16.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	72,822,724	70,255,793
Contributions to Provision	3,040,117	6,205,175
Expenditure incurred	-	-
Balance at end of Year	75,862,841	76,460,968
Transfer to Current Provisions	(3,995,352)	(3,638,244)
Total Post-retirement Health Care Benefits Liability	71,867,489	72,822,724

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The members of the Post-employment Health Care Benefit Plan are made up as follows:		
In-service Members (Employees)	584	584
Continuation Members (Retirees, widowers and orphans)	166	166
Total Members	750	750

The liability in respect of past service has been estimated as follows:

In-service Members	20,887,705	21,052,390
Continuation Members	54,975,136	55,408,578
Total Liability	75,862,841	76,460,968

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2009 is estimated to be R1,761,182, whereas the cost for the ensuing year is estimated to be R1,683,538.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.21%	9.21%
Health Care Cost Inflation Rate	7.39%	7.39%
Net Effective Discount Rate	1.69%	1.69%
Expected Rate of Salary Increase	6.64%	6.64%
Expected Retirement Age - Females	58	58
Expected Retirement Age - Males	63	63

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	76,460,968	70,255,793
Current service costs	1,761,182	1,397,148
Interest cost	8,175,612	5,766,232
Past-service costs		
Benefits paid	(3,638,244)	(3,414,348)
Actuarial losses / (gains)	(6,896,677)	2,456,143
Present Value of Fund Obligation at the end of the Year	75,862,841	76,460,968

Actuarial losses / (gains) unrecognised

Total Recognised Benefit Liability	75,862,841	76,460,968
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The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	75,862,841	76,460,968
Present value of unfunded obligations	-	-
Deficit	75,862,841	76,460,968
Total Benefit Liability	75,862,841	76,460,968

The amounts recognised in the Statement of Financial Performance are as follows:

Vested past service costs	(598,127)	6,205,175
Total Post-retirement Benefit included in Employee Related Costs (Note 26)	(598,127)	6,205,175

The history of experienced adjustments is as follows:

	2009 R	2008 R	2007 R	2006 R	2005 R
Present Value of Defined Benefit Obligation	75,862,841	76,460,968	70,255,793	-	-
Deficit	75,862,841	76,460,968	70,255,793	-	-
Experienced adjustments on Plan Liabilities	-	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

2009 R	2008 R
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The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(1,261,700)	-
Effect on the defined benefit obligation	(8,359,000)	-

The municipality expects to make a contribution of R8 483 million to the Defined Benefit Plans during the next financial year.

The transitional Defined Benefit Liabilities for Post-retirement Medical Aid Benefits have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2009.

Refer to Note 38 "Multi-employer Retirement Benefit Information" to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

17. NON-CURRENT PROVISIONS

Provision for Disaster Fund	-	392,049
Provision for Long Service Awards	7,827,142	7,126,846
Provision for Rehabilitation of Land-fill Sites	2,509,404	2,494,404
Total Non-current Provisions	10,336,546	10,013,299

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 39.1

The movement in Non-current Provisions are reconciled as follows:

	Disaster Fund R	Long Service Awards R	Land-fill Sites R
30 June 2009			
Balance at beginning of year	392,049	7,799,482	2,494,404
Contributions to provision	15,694,652	697,888	15,000
Expenditure incurred	<u>(11,927,356)</u>	<u>-</u>	<u>-</u>
	4,159,345	8,497,370	2,509,404
Transfer to current provisions	-	(670,228)	-
Balance at end of year	4,159,345	7,827,142	2,509,404
30 June 2008			
Balance at beginning of year	200,000	6,746,738	2,494,404
Contributions to provision	220,000	1,052,744	-
Expenditure incurred	<u>(27,951)</u>	<u>-</u>	<u>-</u>
	392,049	7,799,482	2,494,404
Transfer to current provisions	-	-	-
Balance at end of year	392,049	7,799,482	2,494,404

In prior years, the municipality also recognised a provision in respect of the anticipated costs of fulfilling its obligations to customers under its Maxi-Points Scheme. As result of the early adoption of IFRIC 13 Customer Loyalty Programmes, that provision is no longer recognised. The Annual Financial Statements have been adjusted retrospectively.

17.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable for every 5 years completed from 10 years of service completed to 45 years of service completed, inclusive.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2009 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 950 employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2009 is estimated to be R853,303 whereas the cost for the ensuing year is estimated to be R914,355.

	2009 R	2008 R
The principal assumptions used for the purposes of the actuarial valuations were as follows:		
Discount Rate	9.04%	9.04%
Net Effective Discount Rate	2.27%	2.27%
Expected Rate of Salary Increase	6.62%	6.62%
Expected Return on Reimbursement Rights	1.41%	1.41%
Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	58	58
Movements in the present value of the Defined Benefit Obligation were as follows:		
Balance at the beginning of the year	7,799,482	6,746,738
Current service costs	853,303	805,772
Interest cost	820,331	545,186
Past-service costs		
Benefits paid	(672,636)	(626,738)
Actuarial losses / (gains)	(303,110)	328,524
Present Value of Fund Obligation at the end of the Year	8,497,370	7,799,482
Total Recognised Benefit Liability	8,497,370	7,799,482

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	8,497,370	7,799,482
	<u>8,497,370</u>	<u>7,799,482</u>
Present value of unfunded obligations	-	-
Deficit	8,497,370	7,799,482
Total Benefit Liability	<u>8,497,370</u>	<u>7,799,482</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	853,303	805,772
Interest cost	820,331	545,186
Actuarial losses / (gains)	(303,110)	328,524
Vested past service costs	(672,636)	(626,738)
Total Post-retirement Benefit included in Employee Related Costs (Note 26)		
	<u>697,888</u>	<u>1,052,744</u>

The history of experienced adjustments is as follows:

	2009 R	2008 R	2007 R	2006 R	2005 R
Present Value of Defined Benefit Obligation	8,497,370	7,799,482	6,746,738	-	-
Deficit	<u>8,497,370</u>	<u>7,799,482</u>	<u>6,746,738</u>	<u>-</u>	<u>-</u>

Experienced Adjustments on Plan Liabilities

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

	2009 R	2008 R
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The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

Increase:		
Effect on the aggregate of the current service cost and the interest cost	101,370	-
Effect on the defined benefit obligation	490,000	-
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	(91,954)	-
Effect on the defined benefit obligation	(449,000)	-

The municipality expects to make a contribution of R1 652 million to the defined benefit plans during the next financial year.

The transitional Defined Benefit Liabilities for Long Service Awards have been recognised in the Annual Financial Statements of the municipality as at 30 June 2009 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2009.

17.2 Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse site, the municipality will incur rehabilitation costs to restore the site at the end of its useful life.

18 STATUTORY FUNDS

Housing Development Fund:	11,897,965	9,160,445
Total Statutory Funds	<u>11,897,965</u>	<u>9,160,445</u>

18.1 Housing Development Fund

The Housing Development Fund has its origin from Loans extinguished by Government on 1 April 1998 and the net of housing transactions appropriated to the fund thereafter. No separate Unappropriated Surplus Account for housing transactions was kept.

The Housing Development Fund contains all proceeds from housing developments, which include rental income and sale of houses. Monies standing to the credit of the Housing Development Fund are used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

19. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	88,757	23,014,313
Capitalisation Reserve	203,407,428	143,680,842
Donations and Public Contributions Reserve	2,846,170	2,321,973
Government Grants Reserve	104,911,949	96,283,025
Self-insurance Reserve	4,467,611	3,887,527
Accumulated Surplus / (Deficit) due to the results of Operations	70,362,500	50,224,510
Total Accumulated Surplus	<u>386,084,415</u>	<u>319,412,190</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Accumulated Surplus has been restated. Refer to Note 34 on "Change in Accounting Policy" for details of the restatement.

The **Capital Replacement Reserve** is a reserve to finance future capital expenditure and is fully invested in ring-fenced Financial Instrument Investments.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The **Donations and Public Contributions Reserve** equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

The **Government Grants Reserve** equals the carrying value of the items of property, plant and equipment financed from government grants. The Government Grants Reserve ensures consumer equity and is not backed by cash.

The purpose of the Self Insurance Reserve is to self maintain the Council's Short Term Insurance purposes.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

20. PROPERTY RATES	2009 R	2008 R	2009 R	2008 R
	Property Valuations July		Actual Levies July	
Residential	404,305,810	396,541,610	37,137,676	34,285,589
Commercial	119,554,700	118,813,600	17,289,159	15,920,278
Agricultural	-	-	-	-
State	35,059,500	35,059,500	4,247,701	3,932,920
Municipal	1,108,900	902,600	115,692	100,457
Exempted Properties	180,147,250	183,485,850	-	-
Other	112,374,850	110,731,450	13,972,848	12,772,873
Total Assessment Rates	852,551,010	845,534,610	72,763,076	67,012,117
			72,763,076	67,012,117
Attributable to:				
Continuing Operations			72,763,076	67,012,117
Discontinued Operations			-	-
			72,763,076	67,012,117

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. The last valuation came into effect 1 January 2001.

An average general rate of 13.78% c/R (2007/2008: 13.78% c/R) is applied to property valuations to determine assessment rates.

A rebate of 40.00% (2007/2008: 40.00%) was allowed on residential properties and a further rebate of 5% was granted to the residential erven in Ikageng which will be phased out by reducing the rebate by 5% per annum or until the backlog in Ikageng is recovered.

A rebate of 15% was granted to industrial erven and a rebate of 20% was granted to Government and semi-Government institutions. A grant-in-aid is granted to welfare institutions erven.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

21. INTEREST EARNED	2009 R	2008 R
External Investments:		
Bank Account	3,690,496	5,793,909
Investments	9,766,731	7,814,254
Other Interest	6,787	-
Interest Earned on Housing Development Fund	719,427.00	-
	14,183,441	13,608,163
Outstanding Debtors:		
Outstanding Billing Debtors	18,664,108	14,825,494
	18,664,108	14,825,494
Total Interest Earned	32,847,549.00	28,433,657.00
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	14,183,441	13,608,163
Loans and Receivables	18,664,108	14,825,494
Held-to-Maturity Investments	-	-
	32,847,549	28,433,657
Interest Earned on Non-financial Assets	-	-
	32,847,549	28,433,657

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
22. SERVICE CHARGES		
Sale of Electricity	211,944,484	165,266,870
Sale of Water	51,738,603	50,586,729
Refuse Removal	15,396,446	13,154,695
Sewerage and Sanitation Charges	30,510,174	26,814,882
Total Service Charges	309,589,707	255,823,176
Attributable to:		
Continuing Operations	309,589,707	255,823,176
Discontinued Operations	-	-
	309,589,707	255,823,176

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

23. RENTAL OF FACILITIES AND EQUIPMENT

Rental Revenue from Amenities	9,310	6,564
Rental Revenue from Buildings	2,392,670	2,714,310
Rental Revenue from Halls	143,464	125,409
Rental Revenue from Land	1,187,578	1,079,181
Rental Revenue from Other Facilities	192,442	1,079,425
Total Rental of Facilities and Equipment	3,925,464	5,004,889
Attributable to:		
Continuing Operations	3,925,464	5,004,889
Discontinued Operations	-	-
	3,925,464	5,004,889

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

24. GOVERNMENT GRANTS AND SUBSIDIES

Provincial Health Subsidies	-	3,838,449
Operational Grants	-	3,838,449
Conditional Grants	44,604,470	64,812,869
National: Equitable Share	44,604,470	34,002,508
MIG and NER Grants	-	28,810,361
Municipal Finance Grant	-	2,000,000
Transferred from Deferred Revenue (offset depreciation on assets funded from Grants)	-	-
Total Government Grants and Subsidies	44,604,470	68,651,318
Attributable to:		
Continuing Operations	44,604,470	68,651,318
Discontinued Operations	-	-
	44,604,470	68,651,318

Operational Grants:

24.1 Provincial: Health Subsidies

Balance unspent at beginning of year	1,583,618	1,749,829
Current year receipts - included in Public Health vote	-	3,193
- Primary Health	-	3,193
Conditions met - transferred to Revenue	(268,785)	(169,404)
Conditions still to be met - transferred to Liabilities (see Note 14)	1,314,833	1,583,618

This grant was received for the ICLEI - environmental projects of the council

Conditional Grants:

24.2 National: Equitable Share

Balance unspent at beginning of year	3,820,070	11,194,233
Current year receipts	-	999,925
Conditions met - transferred to Revenue: Operating Expenses	(3,820,070)	(8,374,088)
Conditions still to be met - transferred to Liabilities (see Note 14)	3,820,070	3,820,070

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. These funds were used to procure prepaid electricity meters for the indigents.

24.3 IMMIS Project

Balance unspent at beginning of year	66,160	130,000
Conditions met - transferred to Revenue: Operating Expenses	(66,160)	(63,840)
Conditions still to be met - transferred to Liabilities (see Note 14)	-	66,160

This grant was received to transform the Council management system

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
24.4 National: MIG and NER Grants		
Balance unspent at beginning of year	2,964,510	12,123,601
Current year receipts	15,408,000	31,677,602
Conditions met - transferred to Revenue: Operating Expenses	(10,075,213)	(40,836,693)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>8,297,297</u>	<u>2,964,510</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of informal settlement areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

24.5 NER Grants

Balance unspent at beginning of year	1,095,492	11,054,386
Conditions met - transferred to Revenue: Operating Expenses	-	(9,958,894)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1,095,492</u>	<u>1,095,492</u>

This grant was received from the Department Mineral and Energy Affairs to develop the electricity distribution system.

24.6 Land Use Management Grant

Balance unspent at beginning of year	181,183	429,133
Current year receipts	294,382	-
Interest allocated	-	-
Conditions met - transferred to Revenue: Operating Expenses	(475,565)	(247,950)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>181,183</u>

The Land Use Management Grant was received to develop the Land Use Management Scheme and the Spatial Development Plan. The conditions of the grant have been met. There was no delay or withholding of the grant.

24.7 Provincial LED Projects

Balance unspent at beginning of year	289,028	268,758
Current year receipts	286,111	261,710
Conditions met - transferred to Revenue: Operating Expenses	(113,763)	(241,440)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>461,376</u>	<u>289,028</u>

Provincial LED Project grants are used to promote Small, Medium and Micro Enterprises. The grant is spent in accordance with a business plan approved by the Provincial Government. Other than the unspent amount the conditions of the grant have been met.

24.8 Municipal Finance Grant

Current year receipts	-	2,000,000
Conditions met - transferred to Revenue: Operating Expenses	-	(2,000,000)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>-</u>	<u>-</u>

This grant was used to upgrade the financial management system of the Council. The grant was spent in accordance with a business plan approved by National Treasury.

24.9 Lotto : Sports Facilities

Balance unspent at beginning of year	1,148,903	1,499,622
Current year receipts	6,057,747	-
Conditions met - transferred to Revenue: Operating Expenses	(5,190,894)	(350,719)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>2,015,756</u>	<u>1,148,903</u>

This grant was received to upgrade the Mohadin, Ikageng and Promosa Stadiums as well as the Tshwaraganang Disabled Centre.

24.10 Southern District Project

Balance unspent at beginning of year	4,438,676	5,500,115
Current years receipts	-	97,264
Conditions met - transferred to Revenue: Operating Expenses	(3,355,680)	(1,158,703)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>1,082,996</u>	<u>4,438,676</u>

This grant was received for the "R1 in a dustbin" project

24.11 Public Transport Infrastructure

Balance unspent at beginning of year	447,127	1,000,000
Conditions met - transferred to Revenue: Operating Expenses	-	(552,873)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>447,127</u>	<u>447,127</u>

This grant was received for the development of the Public Transport Plan

24.12 Provincial: Library Grant

Balance unspent at beginning of year	3,740,882	1,748,692
Current year receipts	2,189,490	2,392,742
Conditions met - transferred to Revenue: Operating Expenses	(607,952)	(400,552)
Conditions still to be met - transferred to Liabilities (see Note 14)	<u>5,322,420</u>	<u>3,740,882</u>

This grant was received to upgrade the Promosa and Mohadin libraries as well as to build a new library in Ikageng.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
24.13 Fire and Emergency Grant		
Balance unspent at beginning of year Conditions still to be met - transferred to Liabilities (see Note 14)	1,610,800 1,610,800	1,610,800 1,610,800

This grant was used for the re-building of a fire engine as well as for the purchase of vehicles for the Fire Services section.

24.14 LED Promoting Culture Grant

Balance unspent at beginning of year	4,634	21,934
Conditions met - transferred to Revenue: Operating Expenses	(4,634)	(17,300)
Conditions still to be met - transferred to Liabilities (see Note 14)	- 4,634	- 4,634

This grant was received for the development of culture

24.15 LED Grants

Balance unspent at beginning of year	629,738	679,961
Conditions met - transferred to Revenue: Operating Expenses	(986)	(50,223)
Conditions still to be met - transferred to Liabilities (see Note 14)	628,752	629,738

Grants were received for the Township tour / Jazz festival and for Education and exhibits

24.16 S D R Dolomite Research Program

Current year receipts	960,849	-
Conditions still to be met - transferred to Liabilities (see Note 14)	960,849	-

The grant was received for a Dolomite Research Program

24.17 Provincial - SETA Grant

Balance unspent at beginning of year	367,804	140,231
Current year receipts	547,071	1,088,900
Conditions met - transferred to Revenue: Operating Expenses	(241,141)	(861,327)
Conditions still to be met - transferred to Liabilities (see Note 14)	673,734	367,804

This grant was used for the training of personnel of the Tlokwe City Council

24.18 City Branding Grant

Balance unspent at beginning of year	480,626	-
Current year receipts	89,666	500,000
Conditions met - transferred to Revenue: Operating Expenses	-	(19,374)
Conditions met - transferred to Revenue: Capital Expenses	(313,861)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	256,431	480,626

The grant was received for the City Branding project

24.19 Economic Growth and Development Strategy Grant

Balance unspent at beginning of year	174,500	-
Current year receipts	-	260,000
Conditions met - transferred to Revenue: Operating Expenses	-	(85,500)
Conditions met - transferred to Revenue: Capital Expenses	(91,200)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	83,300	174,500

The grant was received to develop an Economic Growth and Development Strategy for the Tlokwe City Council

24.20 Mohadin Library Extension Grant

Balance unspent at beginning of year	390,288	-
Current year receipts	-	400,900
Conditions met - transferred to Revenue: Operating Expenses	(85,000)	(10,612)
Conditions still to be met - transferred to Liabilities (see Note 14)	305,288	390,288

The grant was received to extent the Mohadin library

24.21 Extension Main Library

Balance unspent at beginning of year	-	-
Current year receipts	400,000	-
Conditions met - transferred to Revenue: Capital Expenses	(1,812)	-
Conditions still to be met - transferred to Liabilities (see Note 14)	398,188	-

The grant was received to extent the Main library

24.22 Changes in levels of government Grants

Based on the allocation set out in the division of Revenue Act (Act No2 of 2008) government grant funding is expected to increase over the following three financial years.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
25 OTHER INCOME		
Building Plans	570,901	948,574
Grave Fees	615,802	691,337
Sundries Levies	2,565,507	331,235
Training Fees - Training Centre of Fire Services	307,593	224,806
Other non material Income	9,250,567	2,117,430
Reconnection Fees	808,083	456,721
R1 in a Dustbin project	-	260,757
Total Other Income	14,118,453	5,030,860
Attributable to:		
Continuing Operations	14,118,453	5,030,860
Discontinued Operations	-	-
	14,118,453	5,030,860

The amounts disclosed above for Other Income are in respect of services, other than described in Notes 20 to 24, rendered which are billed to or paid for by the users as the services are required according to approved tariffs. Inter-departmental Recoveries are received from other trading and economic services.

26. EMPLOYEE RELATED COSTS

Employee Related Costs - Salaries and Wages	110,985,527	93,942,191
Employee Related Costs - Social Contributions for UIF, Pensions and Medical Aids	42,362,714	38,428,053
Total Employee Related Costs	153,348,241	132,370,244
Attributable to:		
Continuing Operations	153,348,241	132,370,244
Discontinued Operations	-	-
	153,348,241	132,370,244

No advances were made to employees. Loans to employees are set out in Note 10.

Remuneration of the Municipal Manager

Annual Remuneration	343,675	332,679
Performance Bonus	32,707	-
Housing Allowance	123,241	111,088
Car Allowance	297,355	252,163
Company Contributions to UIF, Medical and Pension Funds	122,828	103,175
Total	919,806	799,105

Remuneration of the Deputy Municipal Manager

Annual Remuneration	324,651	275,640
Performance Bonus	31,870	12,440
Housing Allowance	90,181	191,589
Car Allowance	175,614	143,685
Company Contributions to UIF, Medical and Pension Funds	67,166	76,987
Total	689,482	700,341

Remuneration of the Chief Financial Officer

Annual Remuneration	310,016	332,678
Performance Bonus	37,269	-
Housing Allowance	18,773	20,858
Car Allowance	224,860	212,860
Company Contributions to UIF, Medical and Pension Funds	95,554	74,590
Total	686,472	640,986

Remuneration of the Manager: Corporate Services

Annual Remuneration	318,195	323,818
Performance Bonus	-	9,098
Housing Allowance	52,352	59,734
Car Allowance	136,229	115,500
Company Contributions to UIF, Medical and Pension Funds	106,155	83,914
Total	612,931	592,064

Remuneration of the Manager: Infrastructure

Annual Remuneration	339,401	249,509
Performance Bonus	37,120	-
Housing Allowance	62,702	42,590
Car Allowance	110,495	66,862
Company Contributions to UIF, Medical and Pension Funds	110,360	71,020
Total	660,078	429,981

Remuneration of the Manager: Health Services

Annual Remuneration	185,811	130,861
Performance Bonus	53,132	9,098
Housing Allowance	-	53,834
Car Allowance	-	36,857
Company Contributions to UIF, Medical and Pension Funds	-	41,283
Total	238,943	271,933

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
<i>Remuneration of the Manager: Public Safety</i>		
Annual Remuneration	323,783	213,454
Performance Bonus	30,008	-
Housing Allowance	83,699	59,626
Car Allowance	157,990	88,000
Company Contributions to UIF, Medical and Pension Funds	97,097	47,958
Total	692,577	409,038
<i>Remuneration of the Manager: Housing</i>		
Annual Remuneration	462,677	201,326
Performance Bonus	85,852	-
Housing Allowance	48,275	30,339
Car Allowance	135,408	65,500
Company Contributions to UIF, Medical and Pension Funds	115,283	58,639
Total	847,495	355,804
<i>Remuneration of the Manager: Local Economic Development</i>		
Annual Remuneration	332,678	332,678
Performance Bonus	29,374	-
Housing Allowance	95,740	95,743
Car Allowance	102,172	102,158
Company Contributions to UIF, Medical and Pension Funds	81,239	74,687
Total	641,203	605,266
<i>Remuneration of the Manager: Social Services</i>		
Annual Remuneration	298,930	317,124
Performance Bonus	65,705	11,372
Housing Allowance	87,127	84,932
Car Allowance	143,493	128,304
Company Contributions to UIF, Medical and Pension Funds	113,184	99,189
Total	708,439	640,921
<i>Remuneration of the Manager: Admin Services</i>		
Annual Remuneration	317,235	332,678
Performance Bonus	71,259	-
Housing Allowance	109,324	100,588
Car Allowance	134,835	110,503
Company Contributions to UIF, Medical and Pension Funds	106,685	92,305
Total	739,338	636,074

27. REMUNERATION OF COUNCILLORS

Executive Mayor	537,465	499,600
Speaker	435,161	402,562
Mayoral Committee Members	3,269,767	2,036,280
Councillors	3,141,011	2,342,652
Company Contributions to UIF, Medical and Pension Funds	1,820,513	1,509,819
Sundry Allowances (Cellular Phones, etc)	291,869	2,644,887
Allowances allocated to Employee Related Costs in General Ledger	-	-
	285,151	-
Total Councillors' Remuneration	9,780,937	9,435,800

In-kind Benefits

The Executive Mayor, Speaker, Whip and Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of the council.

The Executive Mayor and Deputy Executive Mayor have use of Council owned vehicles for official duties and a full-time driver

28. DEPRECIATION AND AMORTISATION

Depreciation: Property, Plant and Equipment	23,676,203	20,750,742
Amortisation: Intangible Assets	-	-
Total Depreciation and Amortisation		
	23,676,203	20,750,742
Attributable to:		
Continuing Operations	23,676,203	20,750,742
Discontinued Operations	-	-
	23,676,203	20,750,742

29. IMPAIRMENT LOSSES

29.1 Impairment Losses on Financial Assets

Impairment Losses Recognised:	21,212,321	2,000,000
Consumer Debtors	21,212,321	2,000,000
Total		
	21,212,321	2,000,000
Attributable to:		
Continuing Operations	21,212,321	2,000,000
Discontinued Operations	-	-
	21,212,321	2,000,000

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
30. FINANCE COSTS		
Loans and Payables at amortised cost	6,120,404	3,190,027
Total Interest Paid on External Borrowings	6,120,404	3,190,027
Attributable to:		
Continuing Operations	6,120,404	3,190,027
Discontinued Operations	-	-
	6,120,404	3,190,027
The weighted average capitalisation rate on funds borrowed generally is 12.5% per annum (2008: 12.5% per		
31. BULK PURCHASES		
Electricity	121,811,082	81,588,441
Water	6,691,356	3,520,529
Sewerage	-	1,583,513
Total Bulk Purchases	128,502,438	86,692,483
Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Escom whilst Water is purchased from the Department of Water Affairs and Forestry.		
32. GRANTS AND SUBSIDIES PAID		
Indigents	11,600,082	14,729,198
Total Grants and Subsidies	11,600,082	14,729,198
33. GENERAL EXPENSES		
Advertisement, stationary, printing	3,887,609.00	13,176,354.00
Administrative costs	-	3,110,863.00
Bank Charges	1,155,164.00	938,641.00
Donations	731,037.00	1,000,161.00
Deputations	1,491,301.00	1,287,433.00
Commission Mosiamise	2,140,573.00	1,705,889.00
Commission Vending	1,346,184.00	1,161,087.00
Electricity used	8,032,400.00	5,637,047.00
Levy Skills Dev	1,171,508.00	1,014,492.00
Telephone Rentals and calls	4,927,481.00	1,737,924.00
Confederation Cub	1,646,436.00	-
Medical Aid - Continued members	3,915,241.00	3,420,033.00
Stamps	1,079,141.00	1,035,492.00
Telephone Calls	-	1,037,769.00
Insurance	2,301,085.00	3,097,271.00
Water consumption	1,167,230.00	970,954.00
Levy Internal reticulation	-	1,511,942.00
Levy Mun Offices	-	1,244,197.00
Fuel and oil	307,026.00	
Sanitation	473,288.00	
SALGA membership	648,467.00	528,113.00
Licensing Bureau cards	539,237.00	603,913.00
Tlokwe News	349,733.00	-
Pension Fund Continued Members	971,477.00	918,311.00
Celebrations	999,605.00	
Mayoral discretionary fund	747,229.00	
GPRS usage costs	294,458.00	182,039.00
Receptions	757,052.00	
Disaster Fund	442,500.00	220,000.00
Ward committees	430,525.00	816,885.00
Mayoral Special projects	491,487.00	386,760.00
Marketing brosjures	544,345.00	678,767.00
Post Office/ Easy pay commission	238,286.00	
Assessment Rates	222,761.00	
Community Participation	219,268.00	96,202.00
FMS Marketing	-	4,087,793.00
New Telephone systems	-	1,737,924.00
Plastic bags	407,321.00	568,357.00
Chemicals	-	646,390.00
PMU Allocation	384,263.00	260,129.00
Street names	-	199,558.00
Other Expenses	6,872,604	14,586,288
	51,333,322	69,604,978

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

34. CORRECTION OF ERROR AND CHANGE IN ACCOUNTING POLICY

34.1 Reclassification of Reserves to Accumulated Surplus

The municipality reclassified its Capital Replacement Reserve, Government Grant Reserve, Donations and Public Contribution Reserve, Capitalisation Reserve and Self Insurance Reserve to its Accumulated Surplus as these reserves are not allowed in terms of GRAP or specific legislation. Prior year figures were adjusted accordingly.

34.2 Estimates of consumption between last meter reading and year-end

The municipality now recorded estimates of Electricity and Water consumption between the last meter reading and year-end and adjusted the prior year figures accordingly.

34.3 Recording of Pre-paid electricity received in advance

The municipality now recorded the unused portion of pre-paid electricity as Income Received in advance and adjusted the prior year figures accordingly.

34.4 Inventories

The municipality now recorded water on hand at year end as part of its inventories as per the requirements of GRAP 12 and adjusted prior year figures accordingly.

34.5 Retirement Benefit Liabilities

The municipality did not account for Pension and Medical retirement benefit liabilities as well as for Long Service Awards. A valuation was performed by an independent company in determining the liability. This liability is now accounted for and Accumulated surplus was used to offset previous years' liability not previously accounted for.

34.6 Property, Plant and Equipment

The Property, Plant and Equipment was incorrectly stated in the 2007/2008 Annual Financial Statements and is re-stated in the 2008/2009 Annual Financial Statements. The net carrying values remained the same and therefore had no effect on the Statement of Financial Position.

As a result of the above, the amounts are restated as follows:

	Previously reported 2008	Amount of correction	Restated 2008
Land and Buildings	-	34,162,097	34,162,097
Infrastructure	221,370,410	(25,717,461)	195,652,949
Community	16,937,853	(934,327)	16,003,526
Other	55,822,110	(7,510,309)	48,311,801
Housing	<u>1,152,635</u>	<u>1,152,635</u>	<u>295,283,008</u>
	<u>295,283,008</u>	<u>295,283,008</u>	

As a result of the above errors and changes in accounting policies, prior period amounts are restated as follows:

	Previously reported 2008	Amount of correction	Restated 2008
Revenue			
Sale of Electricity	161,233,756	4,033,114	165,266,870
Sale of Water	47,452,902	3,133,827	50,586,729
Expenditure			
Employee related costs	-125,112,325	(7,257,919)	-132,370,244
Bulk Purchases	-86,767,904	75,421	-86,692,483
(Increase)/Decrease in Expenditure	<u>-3,193,571</u>	<u>-15,558</u>	<u>-3,209,129</u>
 Assets			
Current Assets			
Inventories	13,965,088	75,421	14,040,509
Consumer Debtors	77,160,947	12,302,968	89,463,915
Accumulated Surplus			
Liabilities			
Current Liabilities			
Retirement benefit liabilities	0	(76,425,979)	-76,425,979
Non Current provisions	0	(10,013,299)	-10,013,299
Payments received in Advance (included in creditors)	<u>-5,517,540</u>	<u>(2,957,198)</u>	<u>-8,474,738</u>
	<u>85,608,495</u>	<u>(77,018,088)</u>	<u>8,590,407</u>
 Net Assets			
Capital Replacement Reserve	23,014,313	-23,014,313	0
Capitalisation Reserve	143,680,842	-143,680,842	(0)
Government Grant Reserve	96,283,025	-96,283,025	0
Donations and Public Contributions Reserve	2,321,973	-2,321,973	(0)
Self Insurance Reserve	3,887,527	-3,887,527	(0)
Accumulated Surplus	<u>50,224,510</u>	<u>269,187,680</u>	<u>319,412,190</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R	
35. CASH GENERATED BY OPERATIONS			
Surplus / (Deficit) for the Year	32,704,660	58,966,395	
Adjustment for:			
Adjustment for Accounting Error	(77,018,088)		
Adjustment for Incorrect Disclosure 2007/2008 - Cash Flow Statement	(25,120,662)		
Depreciation and Amortisation	23,669,184	20,750,742	
Movement in Intangible Assets	(1,388,013)	-	
Movement in Investment Properties	(8,963,000)	-	
Contribution to Retirement Benefit Liabilities	(12,392,960)	83,207,706	
Contribution to Provisions - Current	3,995,352	-	
Contribution to Provisions - Non-current	8,954,870	1,272,744	
Expenditure incurred from Provisions	(834,549)	(27,951)	
Interest Received	(32,847,549)	(28,433,657)	
Finance Costs	6,120,404	3,190,027	
Operating surplus before working capital changes	19,018,399	36,787,256	
(Increase)/Decrease in Inventories	(8,599,332)	(9,071,807)	
(Increase)/Decrease in Consumer Debtors	(15,452,216)	(32,389,635)	
(Increase)/Decrease in Other Debtors	872,396	(351,331)	
Increase/(Decrease) in Consumer Deposits	529,597	686,684	
Increase/(Decrease) in Creditors	35,531,529	11,961,047	
Increase/(Decrease) in Conditional Grants and Receipts	1,256,209	(11,985,711)	
Cash generated by / (utilised in) Operations	33,156,582	(4,363,497)	
36. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
36.1 Contributions to organised local government - SALGA			
Opening Balance	-	-	
Council Subscriptions	648,468	528,113	
Amount Paid - current year	(648,468)	(528,113)	
Amount Paid - previous years	-	-	
Balance Unpaid (included in Creditors)	-	-	
36.2 Audit Fees			
Opening Balance	-	-	
Current year Audit Fee	1,640,112	1,498,300	
Amount Paid - current year	(1,640,112)	(1,498,300)	
Amount Paid - previous years	-	-	
Balance Unpaid (included in Creditors)	-	-	
36.3 VAT			
VAT inputs receivables and VAT outputs receivables are shown in Note 11. All VAT returns have been submitted by the due date throughout the year.			
36.4 PAYE and UIF			
Opening Balance	-	-	
Current year Payroll Deductions	17,107,759	14,785,570	
Amount Paid - current year	(17,107,759)	(14,785,570)	
Amount Paid - previous years	-	-	
Balance Unpaid (included in Creditors)	-	-	
36.5 Pension and Medical Aid Deductions			
Opening Balance	-	-	
Current year Payroll Deductions and Council Contributions	48,199,543	37,645,940	
Amount Paid - current year	(48,199,543)	(37,645,940)	
Amount Paid - previous years	-	-	
Balance Unpaid (included in Creditors)	-	-	
36.6 Councillor's arrear Consumer Accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:			
30 June 2009	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor Koloti D M	9,482	603	8,879
Councillor Mosenogi K N	4,987	3,282	1,705
Total Councillor Arrear Consumer Accounts	14,469	3,885	10,584
30 June 2008	Total	Outstanding up to 90 days	Outstanding more than 90 days
Councillor D M Kololi	8,302	608	7,694
Alderman R H Mokgethi	2,383	464	1,919
Total Councillor Arrear Consumer Accounts	10,685	1,072	9,613
During the year the following Councillors had arrear accounts outstanding for more than 90 days:			

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	Highest amount outstanding	Ageing
30 June 2009		
Councillor Koloti D M	8,255	>120 Days
Councillor Johnson M	5,323	>120 Days
Alderman Mampe T R	750	>90 Days
Alderman Mogeti R H	1,621	>120 Days
Councillor Mogoshane M P & M L	71	>90 Days
Councillor Louw E H	3,510	>90 Days
Councillor Mono T B & N M	168	>90 Days
Councillor Mosenogi D M	1,687	>90 Days

	Highest amount outstanding	Ageing
30 June 2008		
Councillor D N Koloti	8,448	450+days
Councillor D Schoeman	1,365	450+days
Alderman R H Mokgethi	2,383	330+days
Alderman T R Mampe	3,352	90 Days
Alderman D N S Tsagae	1,352	90 Days
Councillor M A Masiu	360	90 Days

36.7 Non-Compliance with Chapter 11 of the Municipal

Finance Management Act

No known matters existed at reporting date.

36.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

Department	Date	Successful Tenderer	Reason	Amount
Management	Year 2008/2009	Ducharme Consulting (Pty) Ltd	Drafting Full GRAP Financial Statements	57,000.00 Including VAT
Management	Year 2008/2009	Lotto Funds Project	Procurement of goods and services	
Management	Year 2008/2009	Maxmun Profit Recovery (Pty) Ltd	VAT Verification Of The Council	15% of all savings to the Council VAT excluded
Community Services	Year 2008/2009	Various	Memorial and Funeral Service Arrangement Late add.D Ntsoelengoe	91,396.55
Management	Year 2008/2009	Messrs Baji Investment Management (Pty) Ltd.	Facilitation of Agreement between Tlokwe City Council And Moorivier Mall (Pty) Ltd.	Unknown at this stage
Technical	Year 2008/2009	Erect a Security Fence at Olenpark	WVN Trading and Construction	R 30 000
Management	Year 2008/2009	FIFA - Confederations Cup - Create Awareness and Public Viewing.	Messrs Z' Lungile Party Equipment Hire and Merchandise.	R 1 646 435

37. FINANCIAL INSTRUMENTS

37.1 Classification

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>	<u>2009</u> <u>R</u>	<u>2008</u> <u>R</u>
Non-current Investments			
Listed Investments	Held to maturity	-	1,693,322
Fixed Deposits	Held to maturity	37,956,287	34,750,833
Long-term Receivables	Loans and receivables	5,578,064	6,554,049
Consumer Debtors	Loans and receivables	102,737,306	87,285,090
Other Debtors	Loans and receivables	2,484,231	3,356,627
Bank,Cash and Cash Equivalents			
Notice Deposits	Held to maturity	58,635,320	46,028,222
Call Deposits	Held to maturity	13,053,917	11,788,069
Bank Balances	Available for sale	18,149,491	23,395,375
Cash Floats and Advances	Available for sale	25,192	23,242
Other Cash Equivalents	Available for sale	10,433	15,742
		<u>238,630,242</u>	<u>214,890,571</u>

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
SUMMARY OF FINANCIAL ASSETS		
Held to maturity:		
Investments	Fixed Deposits	37,956,287
Call Deposits	Deposits	13,053,917
Notice Deposits	Deposits	58,635,320
		<hr/> <u>109,645,525</u>
		<hr/> <u>94,260,446</u>
Loans and Receivables		
Long-term Receivables	Car Loans	2,860
Long-term Receivables	Debtors Capitalised Arrear Services	5,476,585
Long-term Receivables	Sale of Erven	98,619
Long-term Receivables	Hockey Field Development	3,584
Consumer Debtors		102,737,306
Other Debtors	Sundry Debtors	2,484,231
		<hr/> <u>110,799,601</u>
		<hr/> <u>97,195,766</u>
Available for Sale:		
Bank Balances and Cash	Bank Balances	18,149,491
Bank Balances and Cash	Cash Floats and Advances	25,192
Bank Balances and Cash	Other Cash Equivalents	10,433
		<hr/> <u>18,185,117</u>
		<hr/> <u>23,434,359</u>
Total Financial Assets	<hr/> <u>238,630,242</u>	<hr/> <u>214,890,571</u>

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

	Financial Liabilities	Classification	2009 R	2008 R
Long-term Liabilities				
Local Registered Stock		Financial liabilities at amortised cost	-	-
Annuity Loans		Financial liabilities at amortised cost	21,822,726	23,078,395
Consumer Deposits				
Electricity and Water		Financial liabilities at amortised cost	9,232,843	8,703,246
Accounts payable				
Trade Creditors		Financial liabilities at amortised cost	40,934,123	7,778,464
Payments received in Advance		Financial liabilities at amortised cost	9,915,864	8,474,738
Sundry Deposits		Financial liabilities at amortised cost	380,989	321,230
Suspense creditors		Financial liabilities at amortised cost	10,541,244	11,056,646
Leave provision		Financial liabilities at amortised cost	8,978,616	7,724,686
Other Creditors		Financial liabilities at amortised cost	136,457	-
Bank Overdraft				
Bank Overdraft		Financial liabilities at amortised cost		
Current Portion of Long-term Liabilities				
Local Registered Stock		Financial liabilities at amortised cost		8,500,000
Annuity Loans		Financial liabilities at amortised cost	1,249,832	9,423,100
			<hr/> <u>103,192,693</u>	<hr/> <u>85,060,505</u>

37.2 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2008.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 4, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 2 and the Statement of Changes in Net Assets.

Gearing Ratio

	2009 R	2008 R
The gearing ratio at the year-end was as follows:		
Debt	23,072,557	41,001,495
Bank, Cash and Cash Equivalents	77,049,087	81,250,650
Net Debt	<hr/> <u>100,121,644</u>	<hr/> <u>122,252,146</u>
Equity	397,982,380	328,572,635
Net debt to equity ratio	<hr/> <u>25.16%</u>	<hr/> <u>37.21%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 4.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

37.3 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

The municipality seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

The Corporate Treasury function reports quarterly to the municipality's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

37.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

37.5 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 57.8 below). No formal policy exists to hedge volatilities in the interest rate market.

37.6 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the currency market.

37.7 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councilor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related rates.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

37.8 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the municipality uses other publicly available financial information and its own trading records to rate its major customers. The municipality's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Trade Receivables consist of a large number of customers, spread across diverse industries in the geographical area of the municipality. Periodic credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee is increased accordingly.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for Sasol who has large investments in the municipal area and does not pose any risk. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 5% of gross monetary assets at any time during the year. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2009	2008
	R	R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Fixed Deposit Investments	37,956,287	36,444,155
Long-term Receivables	5,578,064	6,554,049
Consumer Debtors	102,737,306	87,285,090
Other Debtors	2,484,231	3,356,627
Bank, Cash and Cash Equivalents	77,049,087	81,250,650
Maximum Credit and Interest Risk Exposure	225,804,975	214,890,571

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
R	R

38. MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

All councillors belong to the Pension Fund for Municipal Councillors.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

The Municipal Councillors Fund and the Municipal Gratuity Fund are defined contribution plans, whereas the other funds are defined benefit plans. All of these afore-mentioned funds are multi-employer plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

Municipal Councillors Pension Fund:

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Employees Pension Fund:

The Municipal Employees Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

Municipal Gratuity Fund:

The Municipal Gratuity Fund operates as a defined contribution scheme. The contribution rate paid by the members (7.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

Potchefstroom Municipal Pension Fund

The Potchefstroom Municipal Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.5%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

SALA Pension Fund:

The SALA Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.6%) and Council (20,78%) is sufficient to fund the benefits accruing from the fund in the future.

South African Municipal Workers Union National Provident Fund:

The SAMWU Provident Fund operates as a defined contribution scheme. The contribution rate paid by the members (8.0%) and Council (22,00%) is sufficient to fund the benefits accruing from the fund in the future.

39. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

40. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2009.

40.1 Electricity Function:

The Municipality has agreed in principle to transfer its electricity function to the new Regional Electricity Distributor (RED) – Region AB. The date of transfer is unknown at this stage. The financial effect of this transfer is not yet known as the Municipality is uncertain as to what its share of the revenues of the RED will be or what the terms and conditions will be. There is ongoing discussions with the management of RED Region AB and EDI Holdings, which is the responsible authority for the implementation of RED's nationally.

41. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 38) and Prior Period Errors (Note 39).

TLOKWE CITY COUNCIL
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	<u>2009</u>	<u>2008</u>
42. CONTINGENT LIABILITIES		
Court Proceedings:		
(i) Council is involved in a claim of R3 million in five High Court Matters for damages arising out of alleged sexual harassment.	3,000,000	<u>20,890,046</u>
(ii) Tlokwe City Council vs Maheppy and two others for inter alia Defamation	5,050,000	<u>10,388,762</u>
(iii) Tlokwe City Council vs Masiea and Kgantsi for damages arising out of a motor vehicle accident	20,046	
(iv) Tlokwe City Council vs Sophia Jacobs and Maheppy for frivolous claim instituted against Council for specific performances and damages	2,500,000	
(v) Tlokwe City Council vs Mooriver Mall (Pty) Ltd for Rebate or Debt self-off agreement relating to external services installed by Developer	10,250,000	
(vi) Tlokwe City Council vs E Mosibi for sexual harassment claim	70,000	
Other:		
(i) Labour related claims	4,166,623	
(ii) Town Planning Scheme Disputes	125,000	
(iii) Accrued Interest on loan repayment - Dr Kenneth Kaunda District Municipality	888,639	
(iv) Other Claims	5,208,500	

43 CONTINGENT ASSETS

Court Proceedings:	<u>332,224</u>	-
(i) Tlokwe City Council vs RG Nair i.r.o of a motor loan	100,000	
(ii) Tlokwe City Council vs Photi General Dealers for selling electricity	232,224	

APPENDIX A

TLOKWE CITY COUNCIL
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

APPENDIX B (1)
TLOKWE CITY COUNCIL
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost			Accumulated Depreciation			Assets written off	Carrying Value	Budget Additions
	Opening Additions	Disposals / Transfers	Closing Balance	Openings	Additions	Disposals/ Transfers	Closing Balance		
COMMUNITY ESTABLISHMENT OF PARKS & GARDENS									
SPORTSFIELDS	2579237.81	0.00	2579237.81	-505537.02	-49255.60	0.00	-55479.62	-1591058.80	433386.39
COMMUNITY HALLS	14622167.37	497348.30	15119515.67	-5738503.29	-537592.01	0.00	-6276095.30	-3099277.10	5744143.27
LIBRARIES	2341996.86	0.00	2341996.86	-229581.82	-78435.72	0.00	-308017.54	0.00	2033979.32
RECREATIONAL FACILITIES	834672.09	583091.85	1437763.94	-65088.69	-29044.57	0.00	-94133.26	0.00	1343630.68
CLINICS	212046.29	0.00	212046.29	-65024.41	-23713.38	0.00	-88.79	-16469.04	3917.46
MUSEUMS & ART GALLERIES	161554.35	0.00	161554.35	-29869.70	-5386.44	0.00	-35256.14	0.00	126298.21
OTHER COMMUNITY	49899.99	0.00	49899.99	0.00	0.00	0.00	0.00	0.00	49899.99
HERITAGE	25498250.26	1167385.15	0.00	29665615.41	-7640318.88	-952138.73	0.00	-8592457.61	-485404.94
HERITAGE ASSETS	25355.63	801938.28	0.00	827293.91	0.00	0.00	0.00	-25353.63	801940.28
HOUSING RENTAL STOCK	25355.63	801938.28	0.00	827293.91	0.00	0.00	0.00	-25353.63	801940.28
HOUSING	1413962.25	0.00	1413962.25	-261326.57	-47114.58	0.00	-308441.15	0.00	1105521.10
1413962.25	0.00	0.00	1413962.25	-261326.57	-47114.58	0.00	-308441.15	0.00	1105521.10
INFRASTRUCTURE									
ROADS, PAVEMENTS, BRIDGES & STORMWATER	128356301.60	13471603.58	0.00	141827905.18	-28299407.31	-3527146.80	0.00	-3192655.11	-34271915.63
WATER RESERVOIRS & RETICULATION	40602715.66	51170615.57	0.00	45773331.23	-6911732.17	-1056950.57	0.00	-7974273.74	-19011757.07
CAR PARKS, BUS TERMINALS AND TAXI RANK	659055.40	0.00	659055.40	-281466.09	-28774.21	0.00	-308240.30	-153558.25	227256.85
ELECTRICITY RETICULATION	117200710.56	41274073.44	0.00	158474784.00	-24669126.82	-4471996.04	0.00	-2941122.86	-19117757.19
SEWERAGE PURIFICATION & RETICULATION	53054367.36	14433867.23	0.00	67488234.59	-9610633.72	-2664913.96	0.00	-1226547.68	-8755620.08
STREET LIGHTING	2119679.66	0.00	2119679.66	-488758.37	-57560.94	0.00	-546319.31	-681424.98	891935.37
REFUSE SITES	779.42	0.00	779.42	0.00	0.00	0.00	0.00	-778.42	1.00
OTHER INFRASTRUCTURE	6044755.93	0.00	6044755.93	-175896.76	-204988.19	0.00	-389884.95	0.00	5663870.98
34048365.59	74350159.82	0.00	422398525.41	-70442612.24	-12010330.71	0.00	-82452942.95	-81952811.62	257892770.84
OTHER									
OTHER MOTOR VEHICLES	26446323.87	3102210.16	0.00	29548534.03	-11950881.19	-1709610.39	0.00	-13669491.58	-7719222.19
PLANT & EQUIPMENT	28107420.13	2755813.20	0.00	31863233.33	-5973601.60	-1764290.66	0.00	-7737892.26	-32805675.20
OFFICE EQUIPMENT	34346660.57	556054.02	1748800.00	33153914.59	-17693562.37	-4458058.42	36078.00	-21790833.79	-803076.83
AIRPORTS	106989.22	0.00	106989.22	-844.03	-2073589.37	-64734.73	0.00	-2338324.10	-833266.77
SECURITY MEASURES	3075669.64	34415.46	0.00	3110085.10	-3402841.36	-1031759.72	0.00	-444001.08	-856541.38
OTHER OTHER	9005428.91	0.00	9005428.91	-16764776.25	-1432912.17	0.00	-18200067.52	-15906829.24	3669786.45
102068492.34	6448492.84	1748800.00	106788185.18	-41104319.92	-9034080.90	36078.00	-49777613.82	-12672371.26	44338200.10
CIVIC LAND & BUILDINGS	570751.45	0.00	570751.45	-1119703.35	-190226.92	0.00	-1309930.27	0.00	4397581.18
OTHER LAND & BUILDINGS	62225895.22	945342.20	0.00	63191237.42	-17884479.60	-1625518.19	0.00	-15906829.24	34416.00
67953406.67	945342.20	0.00	68898748.87	-17884479.60	-1625518.19	0.00	-15906829.24	34416.00	973137.00
548027832.74	83713298.29	0.00	62998233.03	-13733057.21	-2369183.11	36078.00	-16064145.32	353939107.02	151365014.00

APPENDIX B (2)
TLOKWE CITY COUNCIL
ANALYSIS OF INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2009

Description	Historical Cost/Fair value					Accumulated Depreciation					Carrying Value
	Opening Balance	Capitalised Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance		
R	R	R	R	R	R	R	R	R	R	R	
Investment Properties											
Land	-	8,963,000	-	-	8,963,000	-	-	-	-	-	
	-	8,963,000	-	-	8,963,000	-	-	-	-	8,963,000	

Description	Historical Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
R	R	R	R	R	R	R	R	R	R	R	
Intangible Assets											
Valuation Roll	1,748,800	-	-	-	1,748,800	-	-	360,787	-	360,787	
	1,748,800	-	-	-	1,748,800	-	-	360,787	-	360,787	

APPENDIX C
TLOKWE CITY COUNCIL
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2009

Opening Balance	Additions	Disposals / Transfers	Closing Balance	Opening Balance	Additions	Disposals / Transfers	Accumulated Depreciation	Depreciation	Carrying Value	Budget Additions
										2008/2009
Executive and Council	8,837,659.97	242,524.46	-1,748,800.00	7,331,384.43	-2,191,065.54	-532,776.29	360,787.00	-2,363,054.83	7,159,395.14	6,242,525.00
Finance and Administration	12,807,727.38	3,663,129.42	0.00	16,470,856.80	-7,316,552.50	-2,011,743.68	0.00	-9,328,296.18	14,459,113.12	3,690,979.00
Planning and Development	2,557,887.32	1,103,555.28	0.00	3,661,442.60	-1,542,18.06	-279,134.69	0.00	-1,821,272.75	3,382,307.91	1,189,239.00
Health	2,090,453.26	0.00	0.00	2,090,453.26	-1,780,762.21	-254,916.50	0.00	-2,035,678.71	1,835,536.76	0.00
Community and Social Services	15,372,575.03	593,278.85	0.00	15,965,853.88	-9,129,535.66	-962,248.66	0.00	-10,091,784.32	15,003,805.22	2,810,481.00
Housing	1,939,093.07	10,187.00	0.00	1,949,280.07	-549,879.97	-95,019.05	0.00	-644,899.02	1,854,261.02	10,200.00
Public Safety	9,846,938.54	10,187.00	0.00	9,857,125.54	-7,924,602.19	-1,377,130.73	0.00	-9,301,732.92	8,479,994.81	10,200.00
Sport and Recreation	19,271,506.28	722,498.30	0.00	19,994,004.58	-18,918,840.13	-1,928,017.27	0.00	-20,846,857.40	18,065,987.31	1,750,431.00
Environmental Protection	8,475.58	0.00	0.00	8,475.58	-5,283.08	-1,986.48	0.00	-7,269.36	6,489.10	0.00
Waste Management	85,465,416.70	18,464,813.33	0.00	103,930,230.03	-39,412,713.03	-6,746,287.21	0.00	-46,159,000.24	97,183,942.82	48,173,677.00
Road Transport	46,295,342.04	12,052,985.48	0.00	58,348,327.52	-11,679,193.77	-2,511,904.58	0.00	-14,191,098.35	55,836,422.94	17,189,969.00
Water	14,074,581.23	5,365,878.73	0.00	19,640,459.96	-7,601,192.21	-1,202,495.36	0.00	-8,803,657.57	18,437,994.60	5,400,264.00
Electricity	76,715,349.27	41,284,260.44	0.00	117,999,609.71	-28,823,695.84	-5,765,552.61	0.00	-34,589,248.45	112,234,057.10	64,010,200.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	295,283,005.67	83,713,298.29	-1,748,800.00	377,247,503.96	-136,875,454.19	-23,669,183.11	360,787.00	-160,183,850.30	353,939,107.85	150,478,165.00

APPENDIX D
TLOKWE CITY COUNCIL

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

Actual Income	2008 Budgeted Income	2008 Actual Expenditure	2008 Budgeted Expenditure	2008 Surplus/ (Deficit)	Description	Vote No	Actual Income	2009 Budgeted Income	2009 Actual Expenditure	2009 Budgeted Expenditure	2009 Surplus/ (Deficit)
0	0	-33610009.67	-34181520	-33610009.67	Executive and council	10	154.83	1401200	-42975022.21	-42153514	-42975047.38
0	0	-16733362.18	-16303381	-16733362.18	GENERAL EXPENSES OF THE COUNCIL	15	154.83	1200	-16449561.16	-16903135	-16449406.77
0	0	-2427006.95	-2689539	-2427006.95	OFFICE OF THE SPEAKER	17	0	0	-1678895.11	-1704206	-1678895.11
0	0	-4621666.43	-4511901	-4621666.43	EXECUTIVE & STRATEGIC MANAGEMENT	18	0	0	-763339	-763339	-8108165.75
0	0	-703188.46	-68838	-703188.46	STRATEGIC MANAGEMENT	460	0	0	-1954420.13	-1954420.13	-1954420.13
0	0	-1460162.14	-1511077	-1460162.14	COMMUNICATION	540	0	0	-2058146.03	-195925	-2058146.03
0	0	-5171690.99	-5171690.99	-5171690.99	SPEAKER ADMINISTRATION	550	0	0	-5319980	-5319980	-530338.37
0	0	-3188073	-2418815.61	-3188073	MUNICIPAL MANAGER	550	0	1400000	-6344670.5	-6479154	-6344670.5
0	0	-107937	-7411621	-107937	OFFICE OF THE COUNCIL WHIP	970	0	0	-1078033.72	-1029544	-1078033.72
133371028.1	125080908	-92188978.87	-1011164.31	-92188978.87	Finance and Administration	152489265.6	13449554.8	-91002111.65	-92491756	61487153.9	-1249803.13
0	0	-997239.08	-5594823	-997239.08	DONATIONS	19	0	0	-1249803.13	-1363326	-1249803.13
0	0	-2808032.6	-270727	-2808032.6	GENERAL HEALTH & SAFETY	21	0	0	-8942.39	-8942.39	-8942.39
263158.35	39590	-233745.27	-233745.27	-233745.27	HOUSINGESE SKEMERING(36FLATS)	50	267670.28	35000	-267670.28	-245950	-245950
98803.57	26770	-98603.57	-86770	-98603.57	0 HOUSINGESE HARMONIE(26FLATS)	60	120515.56	58862	-120515.56	-58330	-58330
56341.76	29762	-55341.76	-39762	-55341.76	0 HOUSINGESE IMMERGREDEN(20FLATS)	70	70873.16	41074	-70873.16	-7414	-7414
183846.42	128519	-183846.42	-13839	-183846.42	0 HOUSINGESE UITKOMS(69FLATS)ICH	75	213547.99	141436	-213547.99	-1594.96	-1594.96
0	0	-2889070.47	-3367336	-2889070.47	SECURITY	99	0	0	-286795.07	-2884488	-286795.07
248554.41	345634	-187275.12	-288636	-187275.12	61275.29 TOWN LANDS	150	442943.93	200000	-19997.97	-287689	-242945.96
658114282.4	66114125	-167632	-167632	-167632	66649860.04 ASSESSMENT RATES	170	72763076.11	68995326	0	0	72763076.11
0	0	-209860.28	-210000	-209860.28	GRANTS-IN-AID AND DONATIONS	230	0	0	-222785.04	-222785.04	-222785.04
149348.7	237240	-149348.7	-157240	-149348.7	0 IKAGENG FLATS	233	172132.2	250000	-172132.2	-183158	-183158
0	0	-1617229.24	-2164430	-1617229.24	-1617229.24 ASSET MANAGEMENT	250	9000	1592457.55	-1640091	-1583457.55	-1640091
439601.51	400000	-5650952.22	-6030225	-5650952.22	-5511350.71 HUMAN RESOURCES	290	321382.54	200000	-971890.08	-9705373	-939753.64
0	250000	-1002213.22	-1231113	-1002213.22	-1002213.22 EMPLOYMENT EQUITY & SKILLS DEVELOPMENT	316	0	250000	-1013088.49	-1072503	-1013088.49
0	0	-255698.48	-5986	-255698.48	-255698.48 LABOUR RELATIONS UNIT	317	0	0	-377064.56	-409731	-377064.56
0	0	-2785	-2785	-2785	-2785 RESEARCH & D.C	318	0	0	-10198.54	-10908	-10198.54
0	1500	-1199788.11	-1208072	-1199788.11	CORPORATE SERVICES ADMINISTRATION	319	0	2000	-1082062.71	-1419965	-1082062.71
0	0	0	0	0	CLEANING SERVICES	321	0	0	-209553.26	-2516401	-209553.26
0	0	-710755.51	-852146	-710755.51	PRINTING DEPT	545	0	0	-783361.44	-932.86	-783361.44
633570010.71	55355435	-39656892.09	-39413118.32	-39656892.09	23913118.32 FINANCE	560	78056338.75	63761000	-22780694.77	-22384086	-55276143.98
0	0	-965170.79	-965170.79	-965170.79	GOVERNANCE	561	0	0	-1766443.2	-1780826	-1766443.2
0	0	-1207819.88	-1177224	-1207819.88	-1207819.88 BUDGET MANAGEMENT	562	0	0	-1080771.5	-1082900	-1080771.5
2000000	2000000	-20519774.03	-21978761	-20519774.03	-18519774.03 FINANCIAL MANAGEMENT	563	4415	500000	-282183971.02	-28005614	-282183971.02
0	0	-5664640.14	-593684	-5664640.14	-5664640.14 REVENUE MANAGEMENT	564	0	0	-6071673.28	-6071673.28	-6071673.28
0	0	-4044356.39	-4938032	-4044356.39	-4044356.39 COMPUTER SERVICES	565	0	0	-4068403.86	-4622564	-4068403.86
0	0	-2196985.66	-1348823.16	-2196985.66	-2196985.66 TELEPHONE EXCHANGE	590	0	0	-309160133	-3137594	-309160133
0	0	-1348823.16	-162392	-1348823.16	-162392 -162392	620	0	0	-1790267.13	-1780373	-1790267.13
981126	11624	-981126	-11624	-981126	PROMOSA: HOUSE ECON SCH 1	940	0	0	-1080771.5	-1082900	-1080771.5
977096	11327	-977096	-11327	-977096	PROMOSA: E.L.S SCHEME 26HOUSE	950	60.96	300	-60.96	-300	0
33686.05	33580	-33686.05	-33580	-33686.05	PROMOSA: SUB ECO SCHEME 730HOUSE	985	498.36	1500	-498.36	-1500	0
47942.4	37749	-47942.4	-37749	-47942.4	PROMOSA: SUB ECO SCHEM 1-22/378H	990	238441.26	30000	-238441.26	-27000	-232001
166.08	5722	-166.08	-5722	-166.08	PROMOSA: SUB ECO SCHEM 19H	1000	788.56	1000	-788.56	-1000	0
16712.1	8156	-16712.1	-28156	-16712.1	PROMOSA: SUB ECO SCHEM 53HOUSE	1010	1415.87	2800	-1415.87	-2800	0
204.94	1457	-204.94	-11457	-204.94	PROMOSA: SUB ECO SCHEM 75(HOU	1020	256.05	1000	-256.05	-1000	0
35664.26	13622	-35664.26	-38642	-35664.26	PROMOSA: E.L.S SCHEM 8 (51H)	1021	4777.23	6000	-4777.23	-6000	0
391122.3	8826	-16502.74	-14826	-16502.74	PROMOSA: E.L.S SCHEM 10 FLATS	1022	15430.72	8000	-15430.72	-8000	0
0	20000	-162075.93	-426787	-162075.93	EMPLOYEE ASSISTANCE PROGRAMME	1360	0	20000	-220141.61	-32001	-220141.61
1718733.67	2030730	-11354860.74	-12291850	-11354860.74	Planning and development	1418046.26	1962400	-13211491.75	-13531361	-11793445.49	-11793445.49
528034.71	480930	-2855568.79	-274392	-2855568.79	-2127534.08 LAND DEVELOPMENT	165	557964.46	480000	-2815041.16	-2583767	-5407366.73
948373.84	986800	-2798884.72	-2885664	-2798884.72	-1850410.88 LAND USE MANAGEMENT	320	650793.73	828400	-315865.29	-3878104	-2507271.56
0	300000	-3172335.87	-4361291	-3172335.87	-3172335.87 CIVIL ENG. DESIGN OFFICE	330	0	400000	-4219668.76	-4239018	-4219668.76
242125.12	254000	-2127971.36	-232153	-2127971.36	-285846.24 ECONOMIC DEVELOPMENT	465	209288.07	254000	-3018153.54	-2830472	-2809465.47
4099709.94	3700000	-9089644.21	-962659	-9089644.21	-4989934.27 Health	1418046.26	1962400	-86286281	-3222328.36	-9580347	-5407366.73
1594712.5	0	-2886567.35	-353192.85	-2886567.35	-1392192.85 HEALTH ADMINISTRATION	180	0	0	-3029175.53	-3029175.53	-3029175.53
260756.86	3700000	-2029171.58	-2086523	-2029171.58	-1678414.72 ENVIRONMENTAL HEALTH	186	3222218.36	0	-2268162.67	-2316555	9540556.69
4761818.53	0	-375142.28	-339400	-375142.28	-10137625.26 POTCH CLINIC	190	0	270522	-243767.56	-257351	-243767.56
28753.07	0	-4206743	-43350	-4206743	-133319.36 TOP CITY CLINIC	195	0	405483	-176089.29	-407137	-176089.29

APPENDIX D

TLOKWE CITY COUNCIL
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

		200	0	0	-370861.6	-389860
564649.36	0	-327531.38	-378162	0	950071	843438.1
504	0	9406985.71	836037.35	LESEGO CLINIC	-60847.17	-6070173
319381.45	0	-585311.62	-584764	-584807.62 REST ROOMS	-509437.48	-509437.48
0	0	-483397.77	-471900	-164016.32 PROMOSA CLINIC	-558806	-558806
0	0	-7704.23	0	-7704.23 OCCUPATIONAL HEALTH & SAFETY	-4976.73	-4976.73
125900.69	0	-126970.09	-224200	-10694.4 STEVE TSWETE CLINIC	-3047.74	-3047.74
320	0	-480	0	-160 HOME BASED CARE	-22627.1	-22627.1
114348.29	0	-431749.72	-192900	-2940143 BOIKI THAPI CLINIC	-128882	-128882
350681.61	0	-492260.05	-544400	-141678.44 MOHADIN CLINIC	-144344	-144344
5022.58	0	0	0	5022.58 GATEWAY CLINIC	-519630	-408381.86
0	0	0	0	0 EXTENSION 11 CLINIC	0	0
0	0	0	0	0 MATLWANG CLINIC	0	0
1045733.52	1132221	-15734368.85	-16453151	-1468635.33 Community and social services	-1671048.63	-15193262.26
283558	296571	-1698708.88	-1503274	-1215150.88 CEMETERY	-1440738.78	-1157454.58
391732	392155	-17945.34	-210688	373786.68 CEMETERY PROMOSA	-358820	-3376.34
0	1834	-10056.02	-11330	-10056.02 CEMETERY MOHADIN	40	1057
16047	69127	-890198.41	-766174	-87415.41 CEMETERY IKAGENG	45	18843
0	24197	-45451.93	-65481	-45451.93 CEMETERY REGIONAL	47	0
102658	134330	-4106515.36	-4612619	-406357.36 LIBRARY KANNONIERS PARK	80	98691.95
2338	2819	-563168.31	-524782	-560830.31 LIBRARY KANNONIERS PARK	81	1699.1
4883.3	3187	-146460.46	-159562	-14157.16 LIBRARY MOHADIN	82	7216.3
5386.1	5577	-345444.08	-340813	-340136.98 LIBRARY PROMOSA	85	7158.3
238662	10900	-964562.6	-1009842	-945562.6 LIBRARY IKAGENG	87	32195.1
0	895	-33100.81	-74856	-3310.81 LIBRARY IPLENG	88	0
123154.45	124857	-1047303.24	-105965	-924418.79 CIVIC CENTRE	155	11506.55
6557.53	44189	-635706.13	-649006	-570131.6 COMMUNITY CENTRES	160	8076.68
5264	4612	-8471.77	-12551	-3207.77 LAPA	235	6016
0	0	-1058169.6	-1151303	-1058169.6 DAN TLOOME COMPLEX	270	0
345.15	1000	-2182276.57	-2386138	-218193.42 CULTURE PROMOTION	280	260
20004.73	15971	-859363.37	-833560.8	-833563.58 CITY HALL BOARD ROOM AND OFFICES	530	28339.19
1000	0	-1316665.97	-1438289	-1315665.97 COMMUNITY SERVICES ADMINISTRATION	555	3900
-400	0	-2587647.77	-2979392	-2588047.77 Housing SUPPORT	275	0
-400	0	-2587647.77	-2979392	-2588047.77 HOUSING SUPPORT	275	0
459417.77	6574240	-22881290.12	-26751659	-18287112.35 Public Safety	128761652	6509240
0	0	-3083237.84	-3128944	-3083237.84 PUBLIC SAFETY ADMINISTRATION	20	0
17882.1	47540	-7661418.59	-8206360	-7661418.59 FIRE BRIGADE	90	657.5
220506	220500	-572580.83	-650470	-347774.83 FIRE EMERGENCY TRAINING	95	307593
0	0	-56274.16	-293882	-56274.16 FIRE SAFETY	98	0
0	0	-1719822.58	-1846250	-1719822.58 DISASTER MANAGEMENT	110	0
36210.55	36600	-47101.24	-683635	-11190.71 PARKING	390	20138.94
4315279.14	6269600	-8289304.88	-10666163	-3983025.74 TRAFFIC DEPARTMENT	610	12548090.76
0	0	-41930.93	-436717	-41930.93 LEGAL COMPLIANCE OFFICE	612	0
0	0	-1400219.07	-1456038	-1400219.07 TRAFFIC ENGINEERING	615	0
2713808.65	3404031	-22542196.92	-22677426	-1982838.27 Sport and recreation	2247797.81	2902159
2200	0	0	0	0 PARKS: PLANTATION	400	0
259256.92	2693083	-3815472.78	-3537484	-1654833.07 PARKS RECREATION	405	53618.53
0	0	-350000	-357500	-1222915.86 LAKESIDE RECREATION RESORT	410	1444.85
0	0	-238117.22	-314886	-350000 NORTH WEST CRICKET	413	954
0	0	-164531.92	-173441	-238117.22 LAKESIDE SWIMMING POOL	130	0
14683.2	8778	-185365.76	-96169	-164531.92 LAKESIDE LANDS	140	0
0	0	-1344128.55	-1307643	-1712025.56 AERODROME	236	14984.06
31246.62	11793	-1866079.24	-1533294	-1654833.07 PARKS RECREATION	400	0
11063	329044	-806143.66	-806143.66	-806143.66 ATHLETICS	410	2804420
0	0	-15933.1	-18538	-350000 NORTH WEST CRICKET	413	0
2964	2309	-2262525.4	-2484438	-15933.1 HIKING TRAILS	415	0
0	0	-1344128.55	-1344128.55	-2266238.4 PLANTS	420	560
25157.66	329902	-1877278.05	-1925129	-182120.39 SPORTS	430	5824.95
0	3675	-16839.24	-16839.24	-16839.24 MOHADIN SPORT & RECREATION	435	0
2993	3297	-7847.96	-61763	-74854.96 PROMOSA SPORT & RECREATION	436	2043
6643	12485	-256278.55	-370291	-24983.55 IKAGENG SPORT & RECREATION	437	7722
0	0	-2075888.08	-2226149	-2075888.08 STREET TREES	440	0
		-2075888.08	-2226149	-2421791.62	-2707405	-2421791.62

APPENDIX D
OKWE CITY COUNCIL

TLOKWE CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2000

0	0	-2136831.91	-2352069	-2136831.91 PARKS ADMINISTRATION	450	142.5	-30000	-2143911.59	-2162993	-2143769.03
0	0	-2398347.78	-2882602	-32398347.78 LAWNMOWING SERVICES	455	0	0	-3256594.91	-32000	-3239837
16048.6	3042	-863280.78	936404	-847232.18 POTCH SWIMMING POOL	580	28500	30000	-9400057.48	-1012594	-911537.48
903.4	509	-364852.47	-542439	-363349.07 IKAGENG SWIMMING POOL	585	355	500	-357391.53	-387599	-357236.53
699.7	1937	-287767.68	-292546	-287770.68 MOHADIN SWIMMING POOL	586	11614	11700	-482209	-224713.78	-225799.78
5043.1	1977	-206277.57	-207337	-201234.47 PROMOSA SWIMMING POOL	587	6490	7400	-224777.49	-224777.49	-218287.49
0	0	-1068432.54	-1305389	-1068432.54 ENVIRONMENTAL MANAGEMENT	185	0	0	-1585981.46	-1881393	-1585981.46
0	0	-1068432.54	-1305389	-1068432.54 ENVIRONMENTAL MANAGEMENT	185	0	0	-1585981.46	-1881393	-1585981.46
40238890.55	41154938	-40048240.01	-43291409	190650.54 Waste management	45911149.08	43104634	-40797563.65	-42056490	5113585.43	-50005532
45100	105000	-5636442.42	-65000	-5636442.42 CIVIL ENG. ADMINISTRATION	310	89500	0	-541945.52	-509615.52	-509615.52
0	0	-476167.48	-440534	-476167.48 CIVIL ENG. STORM WATER DRAINAGE	360	0	0	-72342.01	-757280	-72342.01
0	0	-3316639.99	-3388722	-3316639.99 CLEANING - STREETS	370	0	0	-3826792.86	-3888226	-3826792.86
0	0	-4416872.26	-4416872.26	-4416872.26 PAVEMENTS	380	0	0	-4534439.01	-4742039	-4534439.01
-255.4	0	-160992.11	-154566	-161247.51 CIVIL ENG. CLEANSING - SAN AND VACUUM	470	0	0	-160922.03	-163616	-160922.03
1317227.19	13482180	-12671579.52	-14573774	-14573774 REFUSE REMOVAL	480	15396445.73	14139576	-12723219	-13679058	-2613325.54
26814882.48	27070458	-2610783.64	-2404408.84	-2404408.84 CIVIL ENG. SEWERAGE ADMINISTRATION	490	30226104.57	28743058	-425716	-683578	-29480525.57
202429.96	222000	-3666016.06	-3566005	-348386.05 CIVIL ENG. SEWERAGE RETICULATION NETW	500	199131.78	222000	-483743.71	-4721266	-463871.93
0	0	-1425614.93	-1487046	-1425614.93 MAIN SEWERAGE PUMPING STATION	510	0	0	-2134345	-2088368.23	-2088368.23
0	0	-668682.79	-668682.79	-668682.79 SEWERAGE PURIFICATION WORKS	520	0	0	-5665256	-5665256	-5665256
5456.32	50000	-947767.08	-953186	-9423310.76 MAINTENANCE BUILDINGS	600	0	0	-486051.14	-526794	-486051.14
696750.34	50155160	-17097508.92	-15224868	-10130007.58 Road transport	8481336.87	5400010	-1956629.15	-2017329.15	-11135092.28	-11135092.28
3626554.64	2665730	-1804149.96	-1880502	-18211757.86 LICENSING	240	5111869.64	3055730	-2145756.81	-2190324	-20868141
3316900.7	2351180	-2881605.89	-2801070	-435294.81 TEST GROUNDS	245	3332296.35	2331180	-3670224.82	-3781721	-337928.41
0	6000	-2985271.66	-9932	-2985271.66 MECHANICAL SUSPENSE	260	0	0	-343005.75	-377277.0	-343005.75
0	0	-1133	0	-1133 CIVIL ENG. SUSPENSE	315	0	0	0	0	0
24046	32250	-9327725.31	-9444642	-9303679.31 CIVIL ENG. ROAD AND STREET WORKS	340	7710.88	14000	-10264594	-10350258	-10257423.12
0	0	-96976.28	-984418	-96976.28 CIVIL ENG. RAILWAY POTCH INDUSTRIAL	350	0	0	-74947.77	-78200	-74947.77
47250471.85	46884666	-168823855.75	-31021762	-30397616.1 Water	51553710.73	50250027	-2070612.57	-2145756.81	-20688141	-30380493.16
0	0	-836451.89	-836451.89	-836451.89 WATER PURIFICATION	730	0	0	-12254287.49	-12254287.49	-12254287.49
0	0	-1101730.82	-1134818	-1101730.82 WATER RETICULATION	735	0	0	-1191610.69	-1198809	-1191610.69
456720.94	432450	-5882731.04	-59481767	-542610.1 CIVIL ENG. WATER INTERNAL RETICULATION	740	251016.96	430000	-7260714.39	-7101011	-7009697.43
46793750.91	46452216	-1511942	-13193842	-45281808.91 CIVIL ENG. WATER INCOME	770	5128608.77	49820027	0	0	5128608.77
161913872.3	16597901	-110262253	-114441072	-51631619.28 Electricity	570	212083833	212849346	-150572172.8	-152897412	-161511860.21
0	0	-226611.17	-232753	-226611.17 ELECTRICITY- STREET LIGHTING	660	0	0	-119294981.7	-119294981.7	-119294981.7
0	0	-797875.14	-82391940	-797875.14 ELECTRICITY- PURCHASES (URBAN)	665	0	0	-119294981.7	-119294981.7	-119294981.7
0	0	-151060.9	0	-151060.9 ELECTRICITY- SUSPENSE	670	832084.24	850000	-1866000.56	-19484222	-17807925.32
77844.52	845000	-16638919.47	-14323300	-16638919.47 ELECTRICITY- DISTRIBUTION	680	232260.22	658800	-5399234.74	-5220292	-3037064.47
645637.78	596000	-57203936	-507416.22	-507416.22 ELECTRICITY- MANAGEMENT	690	0	0	-318191.7	-318191.7	-318191.7
8333751.25	9209321	-201034.46	-200847	-201034.46 ELECTRICITY- READING OF METERS	700	10745565.08	11938517	-4052995	-7728029.04	-7728029.04
232228.88	470000	-292464.8	-4252425	-5431286.48 ELECTRICITY- RURAL	710	16019.2	49350	-831710.13	-1039130	-813690.93
155232216.9	155232216.9	-969935	-95977.22	-95977.22 ELECTRICITY- TRADING SERVICES	720	198105914.2	199357679	0	198105914.2	198105914.2
0	0	0	0	0 Other	0	0	0	0	0	0
0	0	0	0	0 Other	0	0	0	0	0	0
403913527.7	400966795	-395319287.4	-431356998	8594240.28 Sub-Total	491314969	462649622	-459003255.1	-467420580	32321173.92	-2143769.03
35577302	0	-7182388	30375030	Add: Journals to be processed Less: Inter-departmental Charges	5743087	0	0	74028342	4034030.16	4779641
439898029.7	400966795	-3809338881.9	-400981968	589804047.77 Total	49705056	462649622	-3809338882.9	-462649622	4034030.16	-116118173.91

APPENDIX E(1) TLOKWE CITY COUNCIL ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2005						
	Description	2008/2009 Actual	2008/2009 Budget	2008/2009 Variance	2008/2009 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE		R	R	R	%	
Property Rates	72,763,076	68,985,326	3,777,750	5.19		
Service Charges	309,589,707	304,984,147	4,605,560	1.49		
Rental of Facilities and Equipment	3,925,464	3,792,244	133,220	3.39	Good performance by relevant departments	
Interest Earned - External investments	14,183,441	20,994,000	(6,810,559)	(48.02)	More funds available for investment as a result of unspent grant money's	
Interest Earned - Outstanding debtors	18,664,108	-	18,664,108	100.00	Increase due to increased outstanding amounts for debtors	
Fines	12,579,722	6,000,065	6,579,657	52.30	Under performance of the Traffic Department	
Licences and Permits	3,506,915	2,241,730	1,265,185	36.08	Previous years moneys now collected	
Income for Agency Services	203,088	250,000	(46,912)	(23.10)		
Government Grants and Subsidies	44,604,470	44,442,000	162,470	0.36	Capital grant receipts now excluded in performance statement in terms of IAS 20	
Other Income	14,118,453	11,042,110	3,076,343	21.79		
Revenue Foregone		(82,000)				
Total Revenue	494,138,444	462,649,622	31,406,822	6.79		
EXPENDITURE		(143)				
Employee Related Costs	153,348,241	158,927,553	(5,579,312)	(3.64)		
Remuneration of Councillors	9,780,937	9,997,318	(216,381)	(2.21)		
Depreciation	23,676,203	21,818,135	1,858,068	7.85	Budgeted for capital redemption - not aligned to GRAP-format	
Impairment Losses	21,212,321	6,000,000	15,212,321	71.71	Budget not aligned to allow for the recognition of probable income	
Repairs and Maintenance	34,322,979	38,038,125	(3,715,146)	(10.82)		
Interest Paid	6,120,404	14,685,651	(8,565,247)	(139.95)		
Bulk Purchases	128,502,438	129,567,344	(1,064,906)	(0.83)		
Contracted Services	25,318,298	25,300,022	18,276	0.07	Expenditure for Professional Services and Security Services exceeded budget	
Grants and Subsidies Paid	11,600,082	11,254,710	345,372	2.98	The result of the NT Budget requirements not aligned to GRAP	
General Expenses	51,333,322	51,578,990	(245,668)	(0.48)		
Loss on disposal of Property, Plant and Equipment	(4,034,030)	(4,779,641)	745,611	(18.45)	Loss on Insurance claims	
Contributions to / (transfers from) provisions		252,732				
Total Expenditure	461,181,194	462,640,939	(1,207,013)	(0.26)		
NET SURPLUS / (DEFICIT) FOR THE YEAR	32,957,249	8,683	32,948,566	(379,460,631)		
	252,589					

APPENDIX E(2)
TLOKWE CITY COUNCIL
ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009

Description	2008/2009		2008/2009		2008/2009		Explanation of Significant Variances greater than 5% versus Budget	
	Actual	R	Total	Additions	Budget	Variance	%	
Executive and Council	242,524	242,524	6,242,525		(6,000,001)	(96.11)		Projects did not realise / Expenditure incurred in Operational Budget
Finance and Administration	3,663,129	3,663,129	3,690,979		(27,850)	(0.75)		
Planning and Development	1,103,555	1,103,555	1,189,239		(85,684)	(7.20)		Expenditure incurred in Operational Budget
Health	-	-	-		-	-		
Community and Social Services	593,279	593,279	2,810,481		(2,217,202)	(78.89)		
Housing	10,187	10,187	10,200		(13)	(0.13)		Projects were not executed
Public Safety	10,187	10,187	10,200		(13)	(0.13)		
Sport and Recreation	722,498	722,498	1,750,431		(1,027,933)	(58.72)		Projects were not executed
Environmental Protection	-	-	-		-	-		
Waste Management	18,464,813	18,464,813	48,173,677		(29,708,864)	(61.67)		Projects commenced late in financial year and was carried over to 2008/9
Road Transport	12,052,985	12,052,985	17,189,969		(5,136,984)	(29.88)		Projects commenced late in financial year and was carried over to 2008/9
Water	5,565,879	5,565,879	5,400,284		165,615	3.07		
Electricity	41,284,260	41,284,260	64,010,200		(22,725,940)	(35.50)		Projects did not realise
Other	-	-	-		-	-		
Total	83,713,298	83,713,298	150,478,165		(66,764,867)	(44.37)		

APPENDIX F
TLOKWE CITY COUNCIL
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received		Name of Organ or State or Municipal Entity	Quarterly Receipts			Quarterly Expenditure			Grants and Subsidies Delayed / Withheld			Reason for Delay/Withholding of Funds	Compliance to Revenue Act (*) See below Yes/No	Reason for Non-compliance			
Name of Grant	Total		Sept	Dec	June	TOTAL	Sept	Dec	March	June	Sept	Dec	March	June			
SDR Dolomite Research Program	980,849	0	0	0	149,931	960,849	0	0	994,938	0	538,777	853,459	0	N/A	N/A	N/A	
Southern District Clean - Up Com	163,018	0	0	0	13,087	3,518,698	0	0	85,500	0	0	85,500	0	N/A	N/A	N/A	
Mohadin Library	0	0	0	0	0	0	0	0	0	0	0	0	0	Yes	Yes	N/A	
Public Transport Infrastructure	2,189,490	0	0	0	2,189,490	0	0	0	607,952	0	0	607,952	0	Yes	Yes	N/A	
Library	0	0	0	0	0	0	0	0	268,784	0	0	268,784	0	Yes	Yes	N/A	
Health Services	0	0	0	0	0	0	0	0	1,166,626	0	0	1,166,626	0	Yes	Yes	N/A	
Equitable Share	4,147,785	2,083	1,786,103	1,170,374	1,189,225	7,967,855	2,734,912	1,166,626	1,951,453	2,114,854	0	0	0	N/A	N/A	N/A	
MIG	19,427,026	9,658,733	3,164,000	3,440,711	3,164,122	14,098,823	4,252,266	0	0	26,252	9,820,305	0	0	0	Yes	Yes	N/A
Fire and Emergency	0	0	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	
Immris	0	0	0	0	0	0	65,290	63,840	0	0	0	14,530	0	Yes	Yes	N/A	
Land Use Management	294,352	0	0	0	294,382	0	0	0	475,565	0	0	475,565	0	Yes	Yes	N/A	
LED Constitutional	0	0	0	0	0	0	0	0	0	0	0	0	0	Yes	Yes	N/A	
LED Business Initiative	0	0	0	0	0	0	0	0	53,719	0	0	29,158	0	Yes	Yes	N/A	
Promoting Culture	0	0	0	0	0	0	0	0	4,634	0	0	4,634	0	Yes	Yes	N/A	
LED Tourism Initiative	50,000	0	0	0	0	50,000	0	0	59,982	0	0	31,385	0	Yes	Yes	N/A	
SETA	573,835	0	0	0	0	573,835	337,725	0	0	7,300	0	330,425	0	Yes	Yes	N/A	
History Project	979,215	129,025	0	0	318,774	531,416	673,286	19,700	58,136	0	0	223,617	371,833	0	Yes	Yes	N/A
Township History\ Jazz	0	0	0	0	0	0	0	0	0	0	0	60	0	Yes	Yes	N/A	
Education and Exchange	0	0	0	0	0	0	0	0	0	0	0	0	0	Yes	Yes	N/A	
NER	15,658,367	0	0	0	3,707,432	11,950,935	15,658,367	4,432,587	5,943,969	5,233,529	48,282	0	0	N/A	N/A	N/A	
Economic and Growth Development	0	0	0	0	0	0	0	0	91,200	0	0	0	0	Yes	Yes	N/A	
City Branding	89,666	53,551	36,115	0	0	0	0	0	313,861	125,160	48,154	55,478	0	Yes	Yes	N/A	
Main Library Extension	0	0	0	0	0	400,000	0	0	0	0	0	0	0	Yes	Yes	N/A	
Lotto - Sports Facilities	7,391,398	26,980	4,280,768	37,649	3,046,001	6,524,544	1,075,847	5,202,331	131,913	114,453	0	0	0	Yes	Yes	N/A	
Total Grants and Subsidies Received	52,325,031	9,870,372	9,286,386	11,758,203	21,429,470	50,808,583	14,030,599	12,967,923	9,121,053	14,689,938	0	0	0	Yes	Yes	N/A	

TLOKWE CITY COUNCIL
APPENDIX G
GENERAL STATISTICS AS AT 30 JUNE 2009

<u>GENERAL STATISTICS</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<u>Population (Estimate)</u>	224 040	224 040	220 403
<u>Registered voters</u>	86 741	75 751	76 995
<u>Valuations:</u>			
<u>Total valuation</u>			
Taxable Property	R 672 403 760	R 662 048 760	R 639 060 210
Non Taxable Property	R 180 147 250	R 183 485 850	R 176 796 400
<u>Total Property</u>	<u>R 852 551 010</u>	<u>R 845 534 610</u>	<u>R 815 856 610</u>
Residential	R 404 305 810	R 396 541 610	R 383 011 310
Commercial	R 119 554 700	R 118 813 600	R 110 491 300
Valuation Date	1 Jan 2001	1 Jan 2001	1 Jan 2001
Number of Premises	38 249	38 249	37 380
<u>Assessment Rates</u>			
Basic tariff (per rand)	14.88c	13.78c	13.00c
Discount Residential	40%	40%	40%
Additional discount-Ikageng res. stands	5%	10%	15%
<u>Employees:</u>			
Number of employees in service	1 010	1 025	1 014
<u>Electricity:</u>			
Units (kWh) purchased	451 733 320	417 486 830	431 977 119
Purchase cost per kWh	27c	19.54c	18.19c
Units (kWh) sold	448 478 685	407 308 595	388 428 977
Units (kWh) lost with distribution	3 245 635	10 178 235	43 548 142
Percentage lost with distribution	0.72%	2.44%	10.08%
Cost per unit sold	33.57c	25.70c	25.46c
Income per unit sold	46.56c	39.50c	37.43c
<u>Water:</u>			
kl purchased	13 182 074	12 949 882	12 574 032
Purchased cost per kiloliter	R 1.02	85.00c	R 1.00
kl sold	12 599 870	12 415 162	12 185 722
kl lost with distribution	582 204	534 720	388 310
Percentage lost with distribution	4.00%	4.10%	3.10%
Cost per kl sold	R 0.04	R 2.08	R 1.40
Income per kl sold	R 1.64	R 3.77	R 3.15